

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 756
OFFERED BY MR. CHAFFETZ OF UTAH

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Postal Service Reform Act of 2017”.

4 (b) TABLE OF CONTENTS.—The table of contents of
5 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—POSTAL SERVICE BENEFITS REFORM

Sec. 101. Postal Service Health Benefits Program.
Sec. 102. Postal Service retiree health care benefit funding reform.
Sec. 103. Postal Service pension funding reform.
Sec. 104. Medicare part B premium transition for newly enrolling Postal Service annuitants and family members.

TITLE II—POSTAL SERVICE OPERATIONS REFORM

Sec. 201. Governance reform.
Sec. 202. Transition to more efficient and secure mail delivery.
Sec. 203. Modernizing postal rates.
Sec. 204. Nonpostal services.
Sec. 205. Efficient and flexible universal postal service.
Sec. 206. Fair stamp-evidencing competition.
Sec. 207. Market-dominant rates.
Sec. 208. Completion of initial rate regulation review.
Sec. 209. Review of Postal Service cost attribution guidelines.
Sec. 210. Aviation security for parcels.
Sec. 211. ZIP Codes.

TITLE III—POSTAL SERVICE PERSONNEL

Sec. 301. Postal Service Chief Innovation Officer.
Sec. 302. Inspector General of the Postal Community.

Sec. 303. Right of appeal to Merit Systems Protection Board.

TITLE IV—POSTAL CONTRACTING REFORM

Sec. 401. Contracting provisions.

Sec. 402. Technical amendment to definition.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the term “Postal Service” means the United
4 States Postal Service; and

5 (2) the term “postal retail facility” means a
6 post office, post office branch, post office classified
7 station, or other facility which is operated by the
8 Postal Service, and the primary function of which is
9 to provide retail postal services, but does not include
10 a contractor-operated facility offering postal services.

11 **TITLE I—POSTAL SERVICE** 12 **BENEFITS REFORM**

13 **SEC. 101. POSTAL SERVICE HEALTH BENEFITS PROGRAM.**

14 (a) ESTABLISHMENT.—

15 (1) IN GENERAL.—Chapter 89 of title 5, United
16 States Code, is amended by inserting after section
17 8903b the following:

18 **“SEC. 8903c. POSTAL SERVICE HEALTH BENEFITS PRO-** 19 **GRAM.**

20 “(a) DEFINITIONS.—In this section—

21 “(1) the term ‘covered Medicare individual’
22 means an individual who is entitled to benefits under
23 part A of title XVIII of the Social Security Act (42

1 U.S.C. 1395c et seq.), but excluding an individual
2 who is eligible to enroll under such part under sec-
3 tion 1818 or 1818A of the Social Security Act (42
4 U.S.C. 1395i-2, 1395i-2a);

5 “(2) the term ‘initial contract year’ means the
6 contract year beginning in January of 2019;

7 “(3) the term ‘initial participating carrier’
8 means a carrier that enters into a contract with the
9 Office to participate in the Postal Service Health
10 Benefits Program during the initial contract year;

11 “(4) the term ‘Office’ means the Office of Per-
12 sonnel Management;

13 “(5) the term ‘Postal Service’ means the United
14 States Postal Service;

15 “(6) the term ‘Postal Service annuitant’ means
16 an annuitant enrolled in a health benefits plan under
17 this chapter whose Government contribution is paid
18 pursuant to the requirements of section 8906(g)(2);

19 “(7) the term ‘Postal Service employee’ means
20 an employee of the Postal Service enrolled in a
21 health benefits plan under this chapter whose Gov-
22 ernment contribution is paid by the Postal Service;

23 “(8) the term ‘Postal Service Medicare covered
24 annuitant’ means an individual who—

25 “(A) is a Postal Service annuitant; and

1 “(B) is a covered Medicare individual;

2 “(9) the term ‘Program’ means the Postal Serv-
3 ice Health Benefits Program established under sub-
4 section (c) within the Federal Employees Health
5 Benefit Program; and

6 “(10) the term ‘Program plan’ means a health
7 benefits plan offered under the Program.

8 “(b) APPLICATION.—The requirements under this
9 section shall—

10 “(1) apply to the initial contract year and each
11 contract year thereafter; and

12 “(2) supersede any other provision of this chap-
13 ter inconsistent with such requirements, as deter-
14 mined by the Office.

15 “(c) ESTABLISHMENT OF THE POSTAL SERVICE
16 HEALTH BENEFITS PROGRAM.—

17 “(1) IN GENERAL.—The Office shall establish
18 the Postal Service Health Benefits Program under
19 which the Office contracts with carriers to offer
20 health benefits plans as described under this section.
21 Except as otherwise provided under this section, any
22 such contract shall be consistent with the require-
23 ments of this chapter for contracts under section
24 8902 with carriers to offer health benefits plans
25 other than under this section. The Program shall—

1 “(A) to the greatest extent practicable, in-
2 clude plans offered by—

3 “(i) each carrier for which the total
4 enrollment in the plans provided under this
5 chapter includes, in the contract year be-
6 ginning in January 2018, 1,500 or more
7 enrollees who are Postal Service employees
8 or Postal Service annuitants; and

9 “(ii) any other carrier determined ap-
10 propriate by the Office;

11 “(B) be available for participation by all
12 Postal Service employees and Postal Service an-
13 nuitants, in accordance with subsection (d);

14 “(C) provide for enrollment in a plan as an
15 individual, for self plus one, or for self and fam-
16 ily; and

17 “(D) not be available for participation by
18 an individual who is not a Postal Service em-
19 ployee or Postal Service annuitant (except as a
20 family member of such an employee or annu-
21 itant or as provided under paragraph (5)).

22 “(2) SEPARATE POSTAL SERVICE RISK POOL.—
23 The Office shall ensure that each Program plan in-
24 cludes rates that reasonably and equitably reflect the
25 cost of benefits provided to a risk pool consisting

1 solely of Postal Service employees and Postal Service
2 annuitants (and covered family members of such em-
3 ployees and annuitants), taking into specific account
4 the reduction in benefits cost for the Program plan
5 due to the Medicare enrollment requirements under
6 subsection (e) and any savings or subsidies resulting
7 from subsection (f)(1).

8 “(3) ACTUARIALLY EQUIVALENT COVERAGE.—
9 The Office shall ensure that each carrier partici-
10 pating in the Postal Service Health Benefits Pro-
11 gram provides coverage under the Program plans of-
12 fered by the carrier that is actuarially equivalent, as
13 determined by the Office, to the coverage that the
14 carrier provides under the health benefits plans of-
15 fered by the carrier under this chapter that are not
16 Program plans.

17 “(4) APPLICABILITY OF FEDERAL EMPLOYEES
18 HEALTH BENEFITS PROGRAM REQUIREMENTS.—Ex-
19 cept as otherwise set forth in this section, all provi-
20 sions of this chapter applicable to health benefits
21 plans offered by the carrier under section 8903 or
22 8903a shall also apply to plans offered under the
23 Program.

24 “(5) APPLICATION OF CONTINUATION COV-
25 ERAGE.—In accordance with rules established by the

1 Office, section 8905a shall apply to health benefits
2 plans offered under this section in the same manner
3 as such section applies to other health benefits plans
4 offered under this chapter.

5 “(d) ELECTION OF COVERAGE.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graphs (2) and (3), each Postal Service employee
8 and Postal Service annuitant who elects to receive
9 health benefits coverage under this chapter—

10 “(A) shall be subject to the requirements
11 of this section; and

12 “(B) may not enroll in any other health
13 benefits plan offered under any other section of
14 this chapter.

15 “(2) ANNUITANTS.—

16 “(A) APPLICATION.—A Postal Service an-
17 nuitant shall not be subject to the requirements
18 of this section if the Postal Service annuitant—

19 “(i) is enrolled in a health benefits
20 plan under this chapter for the contract
21 year immediately preceding the initial con-
22 tract year that is not a health benefits plan
23 offered by an initial participating carrier,
24 unless—

1 “(I) the Postal Service annuitant
2 voluntarily enrolls in a Program plan;

3 “(II) the health benefits plan in
4 which such annuitant is enrolled for
5 such contract year ceases to be avail-
6 able; or

7 “(III) the health benefits plan in
8 which such annuitant is enrolled for
9 such contract year becomes available
10 as a Program plan; or

11 “(ii) resides in a geographic area for
12 which there is not a Program plan in
13 which the Postal Service annuitant may
14 enroll.

15 “(B) CHANGED ENROLLMENT.—If a Post-
16 al Service annuitant changes enrollment to a
17 health benefits plan under this chapter provided
18 by a different carrier than the health benefits
19 plan in which such annuitant is enrolled during
20 the previous contract year, the Postal Service
21 annuitant may only enroll in a Program plan.

22 “(3) EMPLOYEES.—A Postal Service employee
23 who is enrolled in a health benefits plan under this
24 chapter for the contract year immediately preceding
25 the initial contract year that is not a health benefits

1 plan offered by an initial participating carrier shall
2 not be subject to the requirements of this section,
3 except that—

4 “(A) if the Postal Service employee
5 changes enrollment to a different health bene-
6 fits plan under this chapter during the open
7 season for the initial contract year, or after the
8 start of the initial contract year, the Postal
9 Service employee may only enroll in a Program
10 plan;

11 “(B) if the health benefits plan in which
12 such employee is enrolled for such contract year
13 becomes available as a Program plan, the Post-
14 al Service employee may only enroll in a Pro-
15 gram plan;

16 “(C) upon becoming a Postal Service an-
17 nuitant, if the Postal Service employee elects to
18 continue coverage under this chapter, the Post-
19 al Service employee shall enroll in a Program
20 plan during the open season that is—

21 “(i) being held when the Postal Serv-
22 ice employee becomes a Postal Service an-
23 nuitant; or

24 “(ii) if the date on which the Postal
25 Service employee becomes a Postal Service

1 annuitant falls outside of an open season,
2 the first open season following that date;
3 and

4 “(D) subparagraphs (A), (B), and (C)
5 shall not apply to an employee who resides in
6 a geographic area for which there is not a Pro-
7 gram plan in which the employee may enroll.

8 “(e) REQUIREMENT OF MEDICARE ENROLLMENT
9 FOR ANNUITANTS AND THEIR FAMILY MEMBERS.—

10 “(1) POSTAL SERVICE MEDICARE COVERED AN-
11 NUITANTS.—A Postal Service Medicare covered an-
12 nuitant subject to the requirements of this section
13 may not obtain coverage under this chapter unless
14 the annuitant is enrolled in part B of title XVIII of
15 the Social Security Act (42 U.S.C. 1395j et seq.).

16 “(2) MEDICARE COVERED FAMILY MEMBERS.—
17 If a family member of a Postal Service annuitant
18 who is subject to the requirements of this section is
19 a covered Medicare individual, the family member
20 may not be covered under the Program as a family
21 member of the Postal Service annuitant unless the
22 family member is enrolled in part B of title XVIII
23 of the Social Security Act (42 U.S.C. 1395j et seq.).

1 “(3) PROCESS FOR COORDINATED ELECTION OF
2 ENROLLMENT UNDER MEDICARE PART B.—The Of-
3 fice shall establish a process under which—

4 “(A) Postal Service annuitants and family
5 members who are subject to the requirements of
6 paragraph (1) or (2)—

7 “(i) are informed, at the time of en-
8 rollment under this chapter, of such re-
9 quirement;

10 “(ii) receive requests for any addi-
11 tional information necessary for enrollment
12 in writing; and

13 “(iii) as a consequence of such enroll-
14 ment are deemed, for such continuous pe-
15 riod as such annuitant or family member
16 involved otherwise maintains eligibility for
17 enrollment under Medicare part B, to have
18 elected to be enrolled under Medicare part
19 B (under section 1837(m)(1) of the Social
20 Security Act) in connection with the enroll-
21 ment in a Program plan under this chap-
22 ter; and

23 “(B) the Office provides the Secretary of
24 Health and Human Services and the Commis-
25 sioner of Social Security in a timely manner

1 with such information respecting such annu-
2 itants and family members and such election as
3 may be required to effect their enrollment and
4 coverage under Medicare part B and this sec-
5 tion in a timely manner.

6 “(f) MEDICARE COORDINATION.—

7 “(1) IN GENERAL.—The Office shall require
8 each Program plan to provide benefits for covered
9 Medicare individuals pursuant to the standard co-
10 ordination of benefits method used under this chap-
11 ter, rather than the exclusion method or the carve-
12 out method.

13 “(2) MEDICARE PART D PRESCRIPTION DRUG
14 BENEFITS.—The Office shall require each Program
15 plan to provide prescription drug benefits for Postal
16 Service annuitants and family members who are eli-
17 gible individuals (as defined in section 1860D–
18 1(a)(3)(A) of the Social Security Act) through an
19 employer group waiver plan offered under subsection
20 (b) of section 1860D–22 of the Social Security Act.

21 “(g) POSTAL SERVICE CONTRIBUTION.—

22 “(1) IN GENERAL.—Subject to subsection (i),
23 for purposes of applying section 8906(b) to the
24 Postal Service, the weighted average shall be cal-
25 culated in accordance with paragraphs (2) and (3).

1 “(2) WEIGHTED AVERAGE CALCULATION.—Not
2 later than October 1 of each year (beginning with
3 2018), the Office shall determine the weighted aver-
4 age of the rates established pursuant to subsection
5 (c)(2) for Program plans that will be in effect dur-
6 ing the following contract year with respect to—

7 “(A) enrollments for self only;

8 “(B) enrollments for self plus one; and

9 “(C) enrollments for self and family.

10 “(3) WEIGHTING IN COMPUTING RATES FOR
11 INITIAL CONTRACT YEAR.—In determining such
12 weighted average of the rates for the initial contract
13 year, the Office shall take into account (for purposes
14 of section 8906(a)(2)) the enrollment of Postal Serv-
15 ice employees and annuitants in the health benefits
16 plans offered by the initial participating carriers as
17 of March 31, 2018.

18 “(h) RESERVES.—

19 “(1) SEPARATE RESERVES.—

20 “(A) IN GENERAL.—The Office shall en-
21 sure that each Program plan maintains sepa-
22 rate reserves (including a separate contingency
23 reserve) with respect to the enrollees in the
24 Program plan in accordance with section 8909.

1 “(B) REFERENCES.—For purposes of the
2 Program, each reference to ‘the Government’ in
3 section 8909 shall be deemed to be a reference
4 to the Postal Service.

5 “(C) AMOUNTS TO BE CREDITED.—The re-
6 serves (including the separate contingency re-
7 serve) maintained by each Program plan shall
8 be credited with a proportionate amount of the
9 funds in the reserves for health benefits plans
10 offered by the carrier.

11 “(2) DISCONTINUATION OF PROGRAM PLAN.—
12 In applying section 8909(e) relating to a Program
13 plan that is discontinued, the Office shall credit the
14 separate Postal Service contingency reserve main-
15 tained under paragraph (1) for that plan only to the
16 separate Postal Service contingency reserves of the
17 Program plans continuing under this chapter.

18 “(i) NO EFFECT ON EXISTING LAW.—Nothing in
19 this section shall be construed as affecting section 1005(f)
20 of title 39 regarding variations, additions, or substitutions
21 to the provisions of this chapter.

22 “(j) MEDICARE EDUCATION PROGRAM.—Not later
23 than 180 days after the date of enactment of this section,
24 the Postal Service shall establish a Medicare Education
25 Program. Under the Program, the Postal Service shall—

1 “(1) notify annuitants and employees of the
2 Postal Service about the Postal Service Health Ben-
3 efits Program established under subsection (c)(1);

4 “(2) provide information regarding the Postal
5 Service Health Benefits Program to such annuitants
6 and employees, including a description of the health
7 care options available under such Program, the re-
8 quirement that retirees be enrolled in Medicare
9 under subsection (e)(1), and the operation of the
10 premium transition fund to be created under section
11 104 of the Postal Service Reform Act of 2017; and

12 “(3) respond and provide answers to any in-
13 quiry from such employees and annuitants about the
14 Postal Service Health Benefits Program or Medicare
15 enrollment.”.

16 (2) TECHNICAL AND CONFORMING AMEND-
17 MENTS.—

18 (A) Section 8903(1) of title 5, United
19 States Code, is amended by striking “two levels
20 of benefits” and inserting “2 levels of benefits
21 for enrollees under this chapter generally and 2
22 levels of benefits for enrollees under the Postal
23 Service Health Benefits Program established
24 under section 8903c”.

1 (B) The table of sections for chapter 89 of
2 title 5, United States Code, is amended by in-
3 serting after the item relating to section 8903b
4 the following:

“8903c. Postal Service Health Benefits Program.”.

5 (b) COORDINATION WITH MEDICARE.—

6 (1) MEDICARE ENROLLMENT AND COVERAGE.—

7 Section 1837 of the Social Security Act (42 U.S.C.
8 1395p) is amended by adding at the end the fol-
9 lowing new subsection:

10 “(m)(1) In the case of an individual who—

11 “(A) is—

12 “(i) a Postal Service Medicare covered an-
13 nuitant; or

14 “(ii) an individual who is a family member
15 of such an annuitant and is a covered Medicare
16 individual;

17 “(B) enrolls in a Program plan under section
18 8903c of title 5, United States Code; and

19 “(C) is not enrolled under this part,

20 the individual is deemed, in accordance with section
21 8903c(e)(3) of such title, to have elected to be enrolled
22 under this part.

23 “(2) In the case of an individual who is deemed to
24 be enrolled under paragraph (1), the coverage period
25 under this part shall begin on the date that the individual

1 first has coverage under the Program plan pursuant to
2 the enrollment described in paragraph (1)(B).

3 “(3) The definitions in section 8903c(a) of title 5,
4 United States Code, shall apply for purposes of this sub-
5 section.”.

6 (2) WAIVER OF INCREASE OF PREMIUM.—Sec-
7 tion 1839(b) of the Social Security Act (42 U.S.C.
8 1395r(b)) is amended by inserting after “section
9 1837” the following: “or pursuant to subsection (m)
10 of such section”.

11 (3) CONFORMING COORDINATION OF BENEFIT
12 RULES.—Section 1862(b) of the Social Security Act
13 (42 U.S.C. 1395y(b)) is amended by adding at the
14 end the following:

15 “(10) COORDINATION OF BENEFITS WITH
16 POSTAL SERVICE HEALTH BENEFITS PLANS.—The
17 previous provisions of this subsection are superseded
18 to the extent the Secretary determines, in consulta-
19 tion with the Office of Personnel Management, them
20 to be inconsistent with section 8903c(f) of title 5,
21 United States Code.”.

22 **SEC. 102. POSTAL SERVICE RETIREE HEALTH CARE BEN-**
23 **EFIT FUNDING REFORM.**

24 (a) CONTRIBUTIONS.—Section 8906(g) of title 5,
25 United States Code, is amended—

1 (1) by striking “(2)(A) The Government” and
2 inserting “(2)(A)(i) The Government”; and

3 (2) in paragraph (2)—

4 (A) in subparagraph (A)—

5 (i) in clause (i), as added by para-
6 graph (1), by striking “shall through Sep-
7 tember 30, 2016, be paid” and all that fol-
8 lows and inserting the following: “shall be
9 paid as provided in clause (ii).”; and

10 (ii) by adding at the end the fol-
11 lowing:

12 “(ii) With respect to the Government contributions
13 required to be paid under clause (i)—

14 “(I) the portion of the contributions that is
15 equal to the amount of the net claims costs under
16 the enrollment of the individuals described in clause
17 (i) shall be paid from the Postal Service Retiree
18 Health Benefits Fund up to the amount contained
19 in the Fund; and

20 “(II) any remaining amount shall be paid by
21 the United States Postal Service.”; and

22 (B) by adding at the end the following:

23 “(C) For purposes of this paragraph, the amount of
24 the net claims costs under the enrollment of an individual
25 described in subparagraph (A)(i) shall be the amount, as

1 determined by the Office over any particular period of
2 time, equal to the difference between—

3 “(i) the sum of—

4 “(I) the costs incurred by a carrier in pro-
5 viding health services to, paying for health serv-
6 ices provided to, or reimbursing expenses for
7 health services provided to, the individual and
8 any other person covered under the enrollment
9 of the individual; and

10 “(II) an amount of indirect expenses rea-
11 sonably allocable to the provision, payment, or
12 reimbursement described in subclause (I), as
13 determined by the Office; and

14 “(ii) the amount withheld from the annuity of
15 the individual or otherwise paid by the individual
16 under this section.”.

17 (b) POSTAL SERVICE RETIREE HEALTH BENEFITS
18 FUND.—Section 8909a of title 5, United States Code, is
19 amended—

20 (1) in subsection (d)—

21 (A) in paragraph (1), by striking “required
22 under section 8906(g)(2)(A)” and inserting the
23 following: “required to be paid from the Postal
24 Service Retiree Health Benefits Fund under
25 section 8906(g)(2)(A)(ii)(I)”;

1 (B) by striking paragraph (2) and insert-
2 ing the following:

3 “(2)(A) Not later than June 30, 2018, the Office
4 shall compute, and by June 30 of each succeeding year,
5 the Office shall recompute, a schedule including a series
6 of annual installments which provide for the liquidation
7 of the amount described under subparagraph (B) (regard-
8 less of whether the amount is a liability or surplus) by
9 September 30, 2055, or within 15 years, whichever is
10 later, including interest at the rate used in the computa-
11 tions under this subsection.

12 “(B) The amount described in this subparagraph is
13 the amount, as of the date on which the applicable com-
14 putation or recomputation under subparagraph (A) is
15 made, that is equal to the difference between—

16 “(i) 100 percent of the Postal Service actuarial
17 liability as of September 30 of the preceding fiscal
18 year; and

19 “(ii) the value of the assets of the Postal Serv-
20 ice Retiree Health Benefits Fund as of September
21 30 of the preceding fiscal year.”;

22 (C) in paragraph (3)—

23 (i) in subparagraph (A)—

24 (I) in clause (iii), by adding
25 “and” at the end;

1 (II) in clause (iv), by striking the
2 semicolon at the end and inserting a
3 period; and

4 (III) by striking clauses (v)
5 through (x); and
6 (ii) in subparagraph (B)—

7 (I) in clause (i), by striking
8 “paragraph (1)” and inserting “para-
9 graph (1), except to the extent the
10 payment would cause the value of the
11 assets in the Fund to exceed the Post-
12 al Service actuarial liability”; and

13 (II) in clause (ii), by striking
14 “paragraph (2)(B).” and inserting
15 “paragraph (2).”;

16 (D) by amending paragraph (4) to read as
17 follows:

18 “(4) Computations under this subsection shall be
19 based on—

20 “(A) economic and actuarial methods and as-
21 sumptions consistent with the methods and assump-
22 tions used in determining the Postal surplus or sup-
23 plemental liability under section 8348(h); and

1 “(B) any other methods and assumptions, in-
2 cluding a health care cost trend rate, that the Direc-
3 tor of the Office determines to be appropriate.”; and

4 (E) by adding at the end the following:

5 “(7) In this subsection, the term ‘Postal Service actu-
6 arial liability’ means the difference between—

7 “(A) the net present value of future payments
8 required to be paid from the Postal Service Retiree
9 Health Benefits Fund under section
10 8906(g)(2)(A)(ii)(I) for current and future United
11 States Postal Service annuitants; and

12 “(B) the net present value as computed under
13 paragraph (1) attributable to the future service of
14 United States Postal Service employees.

15 “(8) For purposes of computing an amount under
16 paragraph (1) or (7)(A), subclause (I) of section
17 8906(g)(2)(A)(ii) shall be applied without regard to the
18 limit in such subclause with respect to the amount con-
19 tained in the Fund.”; and

20 (2) by adding at the end the following:

21 “(e) Subsections (a) through (d) of this section shall
22 be subject to the requirements of section 8903c.”.

23 (c) CANCELLATION OF CERTAIN UNPAID OBLIGA-
24 TIONS OF THE POSTAL SERVICE.—Any obligation of the
25 Postal Service under section 8909a(d)(3)(A) of title 5,

1 United States Code, as in effect on the day before the date
2 of enactment of this Act, that remains unpaid as of such
3 date of enactment is canceled.

4 (d) TECHNICAL AND CONFORMING AMENDMENT.—
5 The heading of section 8909a of title 5, United States
6 Code, is amended by striking “**Benefit**” and inserting
7 “**Benefits**”.

8 **SEC. 103. POSTAL SERVICE PENSION FUNDING REFORM.**

9 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section
10 8348(h) of title 5, United States Code, is amended—

11 (1) in paragraph (2), by striking subparagraphs
12 (B) and (C) and inserting the following:

13 “(B) The Office shall redetermine the postal surplus
14 or supplemental liability as of the close of the fiscal year,
15 for each fiscal year beginning after September 30, 2016.
16 Subject to subparagraph (C), beginning June 15, 2018,
17 if the result is a surplus or a supplemental liability the
18 Office shall establish an amortization schedule, including
19 a series of annual installments commencing on September
20 30 of the subsequent fiscal year, which provides for the
21 liquidation of such surplus or liability to the Postal Service
22 or the Fund (as the case may be) by September 30, 2043.

23 “(C) No later than June 30, 2033, the Office shall
24 determine, and thereafter redetermine as necessary, but
25 not more frequently than once per year, the appropriate

1 date to complete the liquidation of any remaining surplus
2 or liability determined under this paragraph. The deter-
3 mination under this subparagraph shall be set in accord-
4 ance with generally accepted actuarial practices and prin-
5 ciples and shall not be longer than a period of 15 years
6 from the date on which the determination is made.”; and

7 (2) by adding at the end the following:

8 “(4) For the purpose of carrying out paragraph (1),
9 for fiscal year 2017 and each fiscal year thereafter, the
10 Office shall use—

11 “(A) demographic factors specific to current
12 and former employees of the United States Postal
13 Service, unless such data cannot be generated; and

14 “(B) economic assumptions regarding wage and
15 salary growth that reflect the specific past, and like-
16 ly future, pay for current employees of the United
17 States Postal Service.”.

18 (b) FEDERAL EMPLOYEES RETIREMENT SYSTEM LI-
19 ABILITY ASSUMPTION REFORM.—Section 8423 of title 5,
20 United States Code, is amended—

21 (1) in subsection (a)—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A)—

1 (I) in clause (i), by striking “sub-
2 paragraph (B)),” and inserting “sub-
3 paragraph (B) or (C)),”; and

4 (II) in clause (ii), by striking
5 “and” at the end;

6 (ii) in subparagraph (B)(ii), by strik-
7 ing the period at the end and inserting “;
8 and”; and

9 (iii) by adding at the end the fol-
10 lowing:

11 “(C) the product of—

12 “(i) the normal-cost percentage, as deter-
13 mined for employees (other than employees cov-
14 ered by subparagraph (B)) of the United States
15 Postal Service under paragraph (5), multiplied
16 by

17 “(ii) the aggregate amount of basic pay
18 payable by the United States Postal Service, for
19 the period involved, to employees of the United
20 States Postal Service.”; and

21 (B) by adding at the end the following:

22 “(5)(A) In determining the normal-cost percentage
23 for employees of the United States Postal Service for pur-
24 poses of paragraph (1)(C), the Office shall use—

1 “(i) demographic factors specific to such em-
2 ployees, unless such data cannot be generated; and

3 “(ii) economic assumptions regarding wage and
4 salary growth that reflect the specific past, and like-
5 ly future, pay for such employees.

6 “(B) The United States Postal Service shall provide
7 any data or projections the Office requires in order to de-
8 termine the normal-cost percentage for employees of the
9 United States Postal Service, consistent with subpara-
10 graph (A).

11 “(C) The Office shall review the determination of the
12 normal-cost percentage for employees of the United States
13 Postal Service and make such adjustments as the Office
14 considers necessary—

15 “(i) upon request of the United States Postal
16 Service, but not more frequently than once each fis-
17 cal year; and

18 “(ii) at such other times as the Office considers
19 appropriate.

20 “(6) For the purpose of carrying out subsection
21 (b)(1)(B), and consistent with paragraph (5), for fiscal
22 year 2017, and each fiscal year thereafter, the Office shall
23 use—

1 “(A) demographic factors specific to current
2 and former employees of the United States Postal
3 Service, unless such data cannot be generated; and

4 “(B) economic assumptions regarding wage and
5 salary growth that reflect the specific past, and like-
6 ly future, pay for current employees of the United
7 States Postal Service.”; and

8 (2) in subsection (b)—

9 (A) by redesignating paragraph (5) as
10 paragraph (6); and

11 (B) by inserting after paragraph (4) the
12 following:

13 “(5)(A) In this paragraph, the term ‘postal funding
14 surplus’ means the amount by which the amount of the
15 supplemental liability computed under paragraph (1)(B)
16 is less than zero.

17 “(B) If the amount of supplemental liability com-
18 puted under paragraph (1)(B) as of the close of any fiscal
19 year after the date of enactment of the Postal Service Re-
20 form Act of 2017 is less than zero, the Office shall estab-
21 lish an amortization schedule, including a series of equal
22 annual installments that—

23 “(i) provide for the liquidation of the postal
24 funding surplus in 30 years, commencing on Sep-
25 tember 30 of the subsequent fiscal year; and

1 “(ii) shall be transferred to the Postal Service
2 Fund.”.

3 **SEC. 104. MEDICARE PART B PREMIUM TRANSITION FOR**
4 **NEWLY ENROLLING POSTAL SERVICE ANNU-**
5 **ITANTS AND FAMILY MEMBERS.**

6 (a) IN GENERAL.—Section 1839 of the Social Secu-
7 rity Act (42 U.S.C. 1395r) is amended by adding at the
8 end the following new subsection:

9 “(j) TRANSITION FOR NEWLY ENROLLING POSTAL
10 SERVICE ANNUITANTS AND FAMILY MEMBERS.—With re-
11 spect to each individual who is enrolled under this part
12 pursuant to and during the open enrollment period estab-
13 lished under section 1837(m) and who is not eligible for
14 Medicare cost-sharing described in section
15 1905(p)(3)(A)(ii) under a State plan under title XIX, the
16 premium otherwise established under this part (taking
17 into account any adjustments, including those under sub-
18 sections (b) and (i)) for a month—

19 “(1) in the initial contract year (as defined in
20 section 8903c(a) of title 5, United States Code),
21 shall be reduced by 75 percent;

22 “(2) in the succeeding year, shall be reduced by
23 50 percent; and

24 “(3) in the second succeeding year, shall be re-
25 duced by 25 percent.”.

1 (b) FUNDING THROUGH POSTAL SERVICE FUND.—
2 Section 1844 of the Social Security Act (42 U.S.C.
3 1395w) is amended—

4 (1) in the last sentence of subsection (a), by
5 striking “under subsection (d)(1) with respect to en-
6 rollees described in subparagraphs (A) and (B) of
7 such subsection” and inserting “under subsections
8 (d)(1) and (d)(4) with respect to enrollees described
9 in subparagraphs (A) and (B) of such respective
10 subsection”; and

11 (2) in subsection (d), by adding at the end the
12 following new paragraph:

13 “(4) For each year, there shall be transferred from
14 the Postal Service Fund to the Trust Fund an amount,
15 as estimated by the Chief Actuary of the Centers for Medi-
16 care & Medicaid Services, equal to the reduction in aggre-
17 gate premiums payable under this part for a month in
18 such year that is attributable to the application of section
19 1839(j) with respect to—

20 “(A) enrollees age 65 and over; and

21 “(B) enrollees under age 65.

22 Such amounts shall be transferred from time to time as
23 appropriate but, to the extent practicable, on an annual
24 basis and in a manner that places the Trust Fund in the

1 same actuarial status as if this paragraph and section
2 1839(j) did not apply.”.

3 **TITLE II—POSTAL SERVICE**
4 **OPERATIONS REFORM**

5 **SEC. 201. GOVERNANCE REFORM.**

6 (a) BOARD OF GOVERNORS.—

7 (1) IN GENERAL.—Section 202 of title 39,
8 United States Code, is amended to read as follows:

9 **“§ 202. Board of Governors**

10 “(a) IN GENERAL.—There is established in the Post-
11 al Service a Board of Governors composed of 5 Governors,
12 a Postmaster General, and a Deputy Postmaster General,
13 all of whom shall be appointed in accordance with this sec-
14 tion. The Governors shall have the power to—

15 “(1) exercise the powers of the Postal Service,
16 consistent with section 203(c);

17 “(2) appoint, fix the term of service of, and re-
18 move the Postmaster General;

19 “(3) in consultation with the Postmaster Gen-
20 eral, appoint, fix the term of service of, and remove
21 the Deputy Postmaster General;

22 “(4) set the strategic direction of postal oper-
23 ations and approve the pricing and product strategy
24 for the Postal Service;

1 “(5) set the compensation of the Postmaster
2 General and the Deputy Postmaster General in ac-
3 cordance with private sector best practices, as deter-
4 mined by the Governors pursuant to section 3686;
5 and

6 “(6) carry out any other duties specifically pro-
7 vided for in this title.

8 “(b) APPOINTMENT; PAY.—

9 “(1) IN GENERAL.—The Governors shall be ap-
10 pointed by the President, by and with the advice and
11 consent of the Senate, not more than 3 of whom
12 may be adherents of the same political party. The
13 Governors shall elect a Chair from among their
14 members. The Governors shall represent the public
15 interest generally, and shall be chosen solely on the
16 basis of their experience in the field of public admin-
17 istration, law, or accounting, or on their dem-
18 onstrated ability in managing organizations or cor-
19 porations (in either the public or private sector) of
20 substantial size, except that at least 3 of the Gov-
21 ernors shall be chosen solely on the basis of their
22 demonstrated ability in managing organizations or
23 corporations (in either the public or private sector)
24 that employ at least 10,000 employees. The Gov-
25 ernors shall not be representatives of specific inter-

1 ests using the Postal Service, and may be removed
2 only for cause.

3 “(2) COMPENSATION.—Each Governor shall re-
4 ceive a salary of \$30,000 a year plus \$300 a day for
5 not more than 42 days of meetings each year and
6 shall be reimbursed for travel and reasonable ex-
7 penses incurred in attending meetings of the Board.
8 Nothing in the preceding sentence shall be construed
9 to limit the number of days of meetings each year
10 to 42 days.

11 “(3) CONSULTATION.—In selecting the individ-
12 uals described in paragraph (1) for nomination for
13 appointment to the position of Governor, the Presi-
14 dent should consult with the Speaker of the House
15 of Representatives, the minority leader of the House
16 of Representatives, the majority leader of the Sen-
17 ate, and the minority leader of the Senate.

18 “(c) TERMS OF GOVERNORS.—

19 “(1) IN GENERAL.—The terms of the 5 Gov-
20 ernors shall be 7 years, except that the terms of the
21 5 Governors first taking office shall expire as des-
22 ignated by the President at the time of appointment,
23 1 at the end of 1 year, 1 at the end of 2 years, 1
24 at the end of 3 years, 1 at the end of 4 years, and
25 1 at the end of 5 years, following the appointment

1 of the first of them. Any Governor appointed to fill
2 a vacancy before the expiration of the term for
3 which the Governor's predecessor was appointed
4 shall serve for the remainder of such term. A Gov-
5 ernor may continue to serve after the expiration of
6 the Governor's term until such Governor's successor
7 has qualified, but not to exceed one year.

8 “(2) LIMITATION.—No individual may serve
9 more than 2 terms as a Governor.

10 “(d) STAFF.—The Chair of the Board of Governors
11 shall ensure that the Board has appropriate independent
12 staff to carry out the roles and responsibilities of the
13 Board and the Governors.”.

14 (2) APPLICATION.—Any individual serving as a
15 Governor on the Board of Governors of the Postal
16 Service on the date of enactment of this Act shall
17 continue to serve as a Governor until the term appli-
18 cable to such individual expires (as determined
19 under section 202(b) of title 39, United States Code,
20 as in effect before the amendments made by this
21 section take effect pursuant to subsection (g)).

22 (b) POSTMASTER GENERAL.—

23 (1) IN GENERAL.—Section 203 of title 39,
24 United States Code, is amended to read as follows:

1 **“§ 203. Postmaster General**

2 “(a) IN GENERAL.—The chief executive officer of the
3 Postal Service is the Postmaster General, appointed pur-
4 suant to section 202(a)(2). The alternate chief executive
5 officer of the Postal Service is the Deputy Postmaster
6 General, appointed pursuant to section 202(a)(3) of this
7 title.

8 “(b) POWERS.—Consistent with the requirements of
9 this title, the exercise of the power of the Postal Service
10 shall be vested in the Governors and carried out by the
11 Postmaster General in a manner consistent with the stra-
12 tegic direction and pricing and product strategy approved
13 by the Governors. The Postmaster General shall, in ac-
14 cordance with by-laws determined appropriate by the
15 Board, consult with the Governors and the Deputy Post-
16 master General in carrying out such power.”.

17 (2) CONFORMING AMENDMENT.—The item re-
18 lating to section 203 in the table of sections for
19 chapter 2 of title 39, United States Code, is amend-
20 ed to read as follows:

“203. Postmaster General.”.

21 (c) PROCEDURES OF THE BOARD.—Section 205 of
22 title 39, United States Code, is amended to read as fol-
23 lows:

1 **“§ 205. Procedures of the Board of Governors and the**
2 **Governors**

3 “(a) VACANCIES.—Vacancies in the Board shall not
4 impair the powers of the Board or the Governors under
5 this title.

6 “(b) VOTE.—The Board and the Governors shall act
7 upon majority vote of those members who are present,
8 subject to such quorum requirements as the Board and
9 the Governors may respectively establish.

10 “(c) LIMITATION.—No officer or employee of the
11 United States may serve concurrently as a Governor. A
12 Governor may hold any other office or employment not
13 inconsistent or in conflict with the Governor’s duties, re-
14 sponsibilities, and powers as an officer of the Government
15 of the United States in the Postal Service.”.

16 (d) DELEGATION OF AUTHORITY.—Section 402 of
17 title 39, United States Code, is amended to read as fol-
18 lows:

19 **“§ 402. Delegation of authority**

20 “(a) POSTMASTER GENERAL.—The Postmaster Gen-
21 eral may delegate his or her authority under such terms,
22 conditions, and limitations, including the power of redele-
23 gation, as he or she determines desirable. The Postmaster
24 General may establish such committees of officers and em-
25 ployees of the Postal Service, and delegate such powers
26 to any committee, as the Postmaster General determines

1 appropriate to carry out his or her functions and duties.
2 Delegations under this section shall be consistent with
3 other provisions of this title, shall not relieve the Post-
4 master General of full responsibility for the carrying out
5 the Postmaster General's duties and functions, and shall
6 be revocable by the Postmaster General.

7 “(b) BOARD OF GOVERNORS.—The Board may estab-
8 lish such committees of the Board, and delegate such pow-
9 ers to any committee, as the Board determines appro-
10 priate to carry out its functions and duties. Delegations
11 to committees shall be consistent with other provisions of
12 this title, shall not relieve the Board of full responsibility
13 for the carrying out of its duties and functions, and shall
14 be revocable by the Board in its exclusive judgment.”.

15 (e) INTERNATIONAL POSTAL ARRANGEMENTS.—

16 (1) IN GENERAL.—Section 407 of title 39,
17 United States Code, is amended by adding at the
18 end the following:

19 “(f) After submission to the Postal Regulatory Com-
20 mission by the Department of State of the budget detail-
21 ing the estimated costs of carrying out the activities under
22 this section, and the Commission's review and approval
23 of such submission, the Postal Service shall transfer to
24 the Department of State, from any funds available to the
25 Postal Service, such sums as may be reasonable, docu-

1 mented, and auditable for the Department of State to
2 carry out such activities.”.

3 (2) APPLICATION.—The amendment made by
4 paragraph (1) shall take effect on October 1 of the
5 first fiscal year beginning after the date of enact-
6 ment of this Act.

7 (3) CONFORMING AMENDMENT.—Section 633
8 of title VI of the Treasury and General Government
9 Appropriations Act, 1999 (Public Law 105–277; 39
10 U.S.C. 407 note) is amended by striking subsection
11 (d).

12 (f) TECHNICAL AND CONFORMING AMENDMENTS.—
13 Title 39, United States Code, is amended as follows:

14 (1) In section 102(3)—

15 (A) by striking “9 members” and inserting
16 “5 members”; and

17 (B) by striking “section 202(a)” and in-
18 serting “section 202(b)(1)”.

19 (2) In section 204—

20 (A) by striking “the Board” and inserting
21 “the Postmaster General”; and

22 (B) by striking “the Governors and”.

23 (3) In section 207, by striking “the Board” and
24 inserting “the Postal Service”.

1 (4) In section 414(b)(2), by striking “the Gov-
2 ernors” in each instance it appears and inserting
3 “the Postal Service”.

4 (5) In section 416(c)—

5 (A) by striking “the Governors” and in-
6 serting “the Postal Service”; and

7 (B) by striking “they” and inserting “the
8 Postal Service”.

9 (6) In section 1011, by striking “the Board”
10 and inserting “the Postal Service”.

11 (7) By striking section 2402 and inserting the
12 following:

13 **“§ 2402. Annual report**

14 “The Postmaster General shall render an annual re-
15 port concerning the operations of the Postal Service under
16 this title to the President and Congress.”.

17 (8) In section 3632—

18 (A) by striking the section heading, and in-
19 serting “**Establishment of rates and**
20 **classes of competitive products**”;

21 (B) by striking subsection (a) and redesign-
22 ating subsections (b) and (c) as (a) and (b),
23 respectively;

24 (C) in paragraph (a)(2) (as redesignated
25 by subparagraph (B)), by striking “and the

1 record of the Governors’ proceedings in connec-
2 tion with such decision”;

3 (D) in paragraph (a)(3) (as redesignated
4 by subparagraph (B))—

5 (i) by striking “and the record of the
6 proceedings in connection with such deci-
7 sion”; and

8 (ii) by striking “the Governors con-
9 sider” and inserting “the Postal Service
10 considers”; and

11 (E) by striking “the Governors” in each
12 instance it appears and inserting “the Postal
13 Service”.

14 (9) The table of sections for chapter 36 is
15 amended by striking the item relating to section
16 3632 and inserting the following:

“3632. Establishment of rates and classes of competitive products.”.

17 (g) DELAYED EFFECTIVE DATE.—The amendments
18 made by this section shall take effect upon the date that
19 is 30 days after the date of enactment of this Act.

20 **SEC. 202. TRANSITION TO MORE EFFICIENT AND SECURE**
21 **MAIL DELIVERY.**

22 (a) IN GENERAL.—Subchapter VII of chapter 36 of
23 title 39, United States Code, is amended by adding at the
24 end the following:

1 **“§ 3692. Delivery-point modernization**

2 “(a) DEFINITIONS.—For purposes of this section—

3 “(1) the term ‘delivery point’ means a mailbox
4 or other receptacle to which mail is delivered;

5 “(2) the term ‘primary mode of mail delivery’
6 means the typical method by which the Postal Serv-
7 ice delivers letter mail to the delivery point of a
8 postal patron;

9 “(3) the term ‘door delivery’ means a primary
10 mode of mail delivery whereby mail is placed into a
11 slot or receptacle at or near the postal patron’s door
12 or is hand delivered to a postal patron, but does not
13 include centralized delivery, curbside delivery, or
14 sidewalk delivery;

15 “(4) the term ‘centralized delivery’ means a pri-
16 mary mode of mail delivery whereby mail receptacles
17 of a number of delivery points are grouped or clus-
18 tered at a single location;

19 “(5) the term ‘curbside delivery’ means a pri-
20 mary mode of mail delivery whereby a mail recep-
21 tacle is situated at the edge of a sidewalk abutting
22 a road or curb, at a road, or at a curb, and can be
23 served by a letter carrier from a motorized vehicle;
24 and

25 “(6) the term ‘sidewalk delivery’ means a pri-
26 mary mode of mail delivery whereby a mail recep-

1 tacle is situated at the edge of a sidewalk and can
2 be served by a letter carrier from the sidewalk.

3 “(b) POLICY.—It shall be the policy of the Postal
4 Service—

5 “(1) to provide access to secure, convenient
6 mail and package delivery receptacles to the greatest
7 number of postal patrons feasible; and

8 “(2) to use the most cost-effective primary
9 mode of mail delivery feasible for postal patrons.

10 “(c) PHASEOUT OF DOOR DELIVERY FOR NEW AD-
11 DRESSES.—

12 “(1) IN GENERAL.—For any new delivery point
13 established after the date of enactment of the Postal
14 Service Reform Act of 2017, the Postal Service shall
15 provide a primary mode of mail delivery other than
16 door delivery, with a preference for secure, central-
17 ized delivery.

18 “(2) EXCEPTION.—Paragraph (1) shall not
19 apply in circumstances in which the new delivery
20 point is built or established within a block of exist-
21 ing delivery points whose primary mode of mail de-
22 livery is door delivery.

23 “(d) BUSINESS ADDRESS CONVERSION.—

24 “(1) IDENTIFICATION.—Not later than 1 year
25 after the date of the Postal Service Reform Act of

1 2017, each Postal Service district office shall iden-
2 tify the business delivery points within its service
3 area that are appropriate candidates for conversion
4 from door delivery to centralized delivery, curbside
5 delivery, or sidewalk delivery.

6 “(2) CONVERSION REQUIREMENT.—Beginning
7 not later than October 1, 2018, the Postal Service
8 shall implement a program to convert delivery points
9 identified under paragraph (1) to centralized deliv-
10 ery, curbside delivery, or sidewalk delivery at a rate
11 sufficient to ensure that—

12 “(A) not less than 20 percent of such de-
13 livery points are converted by September 30,
14 2019;

15 “(B) not less than 40 percent of such de-
16 livery points are converted by September 30,
17 2020;

18 “(C) not less than 60 percent of such de-
19 livery points are converted by September 30,
20 2021;

21 “(D) not less than 80 percent of such de-
22 livery points are converted by September 30,
23 2022; and

24 “(E) all such delivery points are converted
25 by September 30, 2023.

1 “(3) NOTIFICATION.—In carrying out conver-
2 sions under paragraph (2), the Postal Service shall
3 provide written notice at least 60 days in advance of
4 the implementation date of a change in primary
5 mode of mail delivery to postal customers served by
6 an applicable delivery point.

7 “(e) RESIDENTIAL ADDRESS CONVERSION.—

8 “(1) IDENTIFICATION.—Not later than 1 year
9 after the date of the enactment of the Postal Service
10 Reform Act of 2017, each Postal Service district of-
11 fice shall identify the residential delivery points with-
12 in its service area that are appropriate candidates
13 for conversion from door delivery to centralized de-
14 livery, curbside delivery, or sidewalk delivery.

15 “(2) VOLUNTARY CONVERSION.—Not later than
16 October 1, 2018, the Postal Service shall commence
17 a program to convert delivery points identified under
18 paragraph (1) to centralized delivery, curbside deliv-
19 ery, or sidewalk delivery. Such program shall operate
20 as follows:

21 “(A) Not later than 3 months after the
22 identification of the delivery points under para-
23 graph (1), the Postal Service shall divide such
24 delivery points into geographically based ad-
25 dress units (such as street blocks or other simi-

1 lar reasonably segregable units) not to exceed
2 50 delivery points per unit.

3 “(B) Not later than 6 months after such
4 identification, the Postal Service shall provide
5 written notification to postal patrons served by
6 each identified delivery point containing the fol-
7 lowing:

8 “(i) Notice that the delivery point has
9 been proposed for conversion to a more ef-
10 ficient primary mode of mail delivery to
11 more economically provide universal postal
12 service and improve service.

13 “(ii) A description of the new primary
14 mode of delivery proposed by the Postal
15 Service and a visual example of such mode.

16 “(iii) A conversion consent form and
17 notice that conversion for residential ad-
18 dresses is on a voluntary basis.

19 “(iv) A description of benefits of con-
20 version to the postal patron, including ac-
21 cess to secure mail and package delivery,
22 and benefits of conversion to the Postal
23 Service, including a smaller environmental
24 impact for delivery.

1 “(v) A description of how the conver-
2 sion process would work, and the monetary
3 costs (if any) to the postal patron.

4 “(vi) Any other information the Postal
5 Service considers necessary.

6 “(C) No delivery point may be converted
7 under this subsection unless prior written con-
8 sent is provided to the Postal Service by a post-
9 al patron served by such delivery point who is
10 at least 18 years old, except as provided for in
11 subparagraph (E). Prior to the conversion of a
12 delivery point under this section, any written
13 consent so provided may be withdrawn by such
14 patron or by any other postal patron served by
15 such delivery point who is at least 18 years old
16 upon written notification to the Postal Service.
17 The Postal Service shall place on the Postal
18 Service’s public website an option to request
19 that a consent form or consent-withdrawal form
20 be delivered to any delivery point identified for
21 conversion under this subsection.

22 “(D) Upon the receipt of written consent
23 applicable to at least 40 percent of the delivery
24 points within an address unit described under
25 subparagraph (A), the Postal Service shall—

1 “(i) not later than 30 days after the
2 date that the requisite percentage is
3 reached, provide written notice to each de-
4 livery point within such unit stating that
5 the conversion threshold has been reached
6 and that—

7 “(I) with respect to any delivery
8 point for which a consent for conver-
9 sion was received, that the primary
10 mode of mail delivery for such address
11 will be converted; and

12 “(II) with respect to any delivery
13 point for which a consent for conver-
14 sion was not received, that—

15 “(aa) a postal patron served
16 by such delivery point may elect,
17 by written consent, at any time
18 to convert the primary mode of
19 mail delivery to the same form of
20 delivery as the converted delivery
21 points in such unit; and

22 “(bb) if such a patron pro-
23 vides such consent, the primary
24 mode of mail delivery shall be
25 converted not later than 30 days

1 after the date of such consent or,
2 in any case where the conversion
3 of delivery points has not yet oc-
4 curred, upon implementation of
5 that conversion;

6 “(ii) not later than 90 days after the
7 date that the requisite percentage is
8 reached, but not less than 30 days fol-
9 lowing the written notice under clause (i),
10 convert the delivery points for which con-
11 sent was received to the applicable new pri-
12 mary mode of mail delivery; and

13 “(iii) following the conversion of an
14 address unit, ensure that the primary
15 mode of mail delivery for any new resi-
16 dents to the address unit is the converted
17 primary mode of mail, regardless of the
18 primary mode of mail delivery for the pre-
19 vious occupant.

20 “(E) Any delivery point created pursuant
21 to subsection (c)(2) shall be automatically and
22 irrevocably deemed to consent to delivery con-
23 version if the delivery point is established with-
24 in, or later becomes a part of, an address unit

1 that is proposed for conversion to a different
2 primary mode of mail delivery.

3 “(f) CONSIDERATIONS.—In making a determination
4 to convert the primary mode of mail delivery under this
5 section, the Postal Service shall consider—

6 “(1) the impact of weather conditions, physical
7 barriers, or any other factor that may impact the
8 feasibility of providing a primary mode of mail deliv-
9 ery other than door delivery (such as a factor that
10 may significantly reduce the potential cost savings
11 associated with providing centralized delivery or
12 curbside delivery);

13 “(2) whether the address is in a registered his-
14 toric district (as that term is defined in section
15 47(c)(3)(B) of the Internal Revenue Code of 1986),
16 is listed on the National Register of Historic Places,
17 is designated as a National Historic Landmark, or
18 is of historic value; and

19 “(3) population density and the concentration
20 of poverty.

21 “(g) WAIVER FOR PHYSICAL HARDSHIP.—

22 “(1) IN GENERAL.—The Postal Service shall es-
23 tablish and maintain a waiver program under which,
24 upon application, door delivery may be continued, or
25 provided, for a delivery point identified under sub-

1 section (d)(1) or (e)(1) at no cost to the applicant
2 in any case in which—

3 “(A) centralized delivery, curbside delivery,
4 or sidewalk delivery would, but for this para-
5 graph, otherwise be the primary mode of mail
6 delivery; and

7 “(B) door delivery is necessary in order to
8 avoid causing significant physical hardship or
9 physical safety risks to a postal patron.

10 “(2) TREATMENT OF WAIVER.—An address re-
11 ceiving door delivery pursuant to a waiver under this
12 subsection—

13 “(A) shall be counted, for purposes of the
14 reporting requirement under subsection (j), as
15 an address that receives the primary mode of
16 mail delivery which the address would be sub-
17 ject to if not for the waiver; and

18 “(B) shall, not later than 60 days after
19 ceasing to meet the requirements of paragraph
20 (1), be converted to the primary mode of mail
21 delivery which is otherwise applicable.

22 “(h) PROCEDURES.—In carrying out conversions
23 under this section, the Postal Service shall establish proce-
24 dures to—

1 “(1) solicit, consider, and respond to input from
2 the general public, postal patrons, State and local
3 governments, local associations, and property own-
4 ers;

5 “(2) calculate and make publicly accessible the
6 cost or savings of the conversion to the Postal Serv-
7 ice as well as the average conversion cost or savings
8 to each postal patron and any cost or savings to the
9 State and local government; and

10 “(3) place centralized delivery points in loca-
11 tions that maximize delivery efficiency, ease of use
12 for postal patrons, and respect for private property
13 rights.

14 “(i) VOUCHER PROGRAM.—The Postal Service shall
15 provide for a voucher program under which, upon applica-
16 tion, the Postal Service may defray all or any portion of
17 the costs of new mail receptacles associated with conver-
18 sion from door delivery under this section which would
19 otherwise be borne by postal patrons.

20 “(j) ANNUAL REPORT.—Not later than 60 days after
21 the end of each of fiscal years 2018 through 2023, the
22 Postal Service shall submit to Congress and the Inspector
23 General a report on the implementation of this section
24 during the most recently completed fiscal year. Each such
25 report shall include—

1 “(1) the number of residential and business ad-
2 dresses that—

3 “(A) receive door delivery as of the end of
4 the fiscal year preceding the most recently com-
5 pleted fiscal year;

6 “(B) receive door delivery as of the end of
7 the most recently completed fiscal year; and

8 “(C) during the most recently completed
9 fiscal year, were converted from door delivery
10 to—

11 “(i) centralized delivery;

12 “(ii) curbside delivery; and

13 “(iii) any other primary mode of mail
14 delivery;

15 “(2) the estimated cost savings from the con-
16 versions described in paragraph (1)(C);

17 “(3) a description of the progress made by the
18 Postal Service toward meeting the requirements of
19 the phaseout under subsection (c); and

20 “(4) any other information which the Postal
21 Service considers appropriate.

22 “(k) INSPECTOR GENERAL AUDIT.—The Inspector
23 General shall issue an annual audit report on the imple-
24 mentation of this section not later than 90 days after the

1 date on which the Postal Service releases its annual report
2 under subsection (j). Such report shall include—

3 “(1) an audit of the data contained in the Post-
4 al Service’s report under subsection (j); and

5 “(2) an evaluation of the Postal Service’s imple-
6 mentation of the voucher program under subsection
7 (i).

8 “(l) REVIEW.—Subchapters IV and V shall not apply
9 with respect to any action taken by the Postal Service
10 under this section.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for chapter 36 of title 39, United States Code, is amended
13 by adding after the item relating to section 3691 the fol-
14 lowing:

“3692. Delivery-point modernization.”.

15 (c) UPDATED DELIVERY COST DATA.—

16 (1) STUDY.—Not later than 180 days after the
17 date of the enactment of this Act, the Postal Service
18 shall begin to collect data on delivery mode costs and
19 the potential savings of converting to more cost-effi-
20 cient primary modes of mail delivery.

21 (2) REPORT.—Not later than 2 years after the
22 date of enactment of this Act, the Postal Service
23 shall submit to the Committee on Oversight and
24 Government Reform of the House of Representatives
25 and the Committee on Homeland Security and Gov-

1 ernmental Affairs of the Senate a report describing
2 the findings of the study conducted under paragraph
3 (1).

4 (d) INSPECTOR GENERAL REVIEW OF COSTS AND
5 BENEFITS OF DELIVERY POINT CONVERSIONS.—

6 (1) STUDY.—Not later than 2 years after the
7 date on which the Postal Service commences delivery
8 point conversions pursuant to subsections (d)(2) and
9 (e)(2) of section 3692 of title 39, United States
10 Code (as added by subsection (a)), and not later
11 than 3 years thereafter, the Inspector General of the
12 Postal Community shall conduct a study of the costs
13 and benefits of such conversions.

14 (2) REPORT.—Not later than 1 year after the
15 date on which the Inspector General conducts each
16 study required under paragraph (1), the Inspector
17 General shall submit to the Committee on Homeland
18 Security and Governmental Affairs of the Senate
19 and the Committee on Oversight and Government
20 Reform of the House of Representatives a report on
21 the results of each study.

22 (3) CONTENT.—The studies required under
23 paragraph (1) shall assess the following:

24 (A) The cost savings realized by the Postal
25 Service from the conversions under subsections

1 (d)(2) and (e)(2) of section 3692 of title 39,
2 United States Code (as added by subsection
3 (a)), and the projected cost savings the Postal
4 Service is likely to realize from full implementa-
5 tion of such conversions.

6 (B) The expenses incurred by the Postal
7 Service to achieve such conversions and the pro-
8 jected expenses the Postal Service is likely to
9 incur from full implementation of such conver-
10 sions.

11 (C) The impact of the conversions on—

12 (i) read and response rates to mailed
13 advertising;

14 (ii) advertising mail revenue earned by
15 the Postal Service;

16 (iii) small businesses, including small
17 home-based businesses; and

18 (iv) mail volumes shipped through the
19 Postal Service.

20 (D) Any other factors the Inspector Gen-
21 eral considers relevant to provide a complete
22 analysis of the costs and benefits associated
23 with the conversions described under such sub-
24 sections.

1 (4) NET COST BENEFIT ANALYSIS.—The In-
2 specter General shall conduct a cost benefit analysis
3 to determine the net cost or benefit to the Postal
4 Service of the conversions conducted under such
5 subsections and include the analysis in each report
6 submitted under paragraph (2).

7 **SEC. 203. MODERNIZING POSTAL RATES.**

8 (a) ADEQUACY, EFFICIENCY, AND FAIRNESS OF
9 POSTAL RATES.—

10 (1) OBJECTIVES.—Section 3622(b) of title 39,
11 United States Code, is amended—

12 (A) in paragraph (2), by inserting “and
13 ensure” after “create”;

14 (B) in paragraph (3)—

15 (i) by inserting “and meet” after
16 “maintain”; and

17 (ii) by inserting “, with a focus on
18 achieving predictable and consistent deliv-
19 ery” before the period at the end;

20 (C) in paragraph (5), by inserting “estab-
21 lish and” before “maintain”;

22 (D) in paragraph (6), by striking “proc-
23 ess” and inserting “and cost attribution proc-
24 esses”; and

1 (E) in paragraph (9), by inserting “(and to
2 ensure appropriate levels of transparency)” be-
3 fore the period at the end.

4 (2) FACTORS.—Section 3622(c) of title 39,
5 United States Code, is amended to read as follows:

6 “(c) FACTORS.—In establishing or revising such sys-
7 tem, the Postal Regulatory Commission shall take into ac-
8 count the following factors:

9 “(1) The effect of rate increases upon the gen-
10 eral public and business mail users.

11 “(2) The available alternative means of sending
12 and receiving written communications, information,
13 and letters and other mail matter at reasonable
14 costs.

15 “(3) The reliability of delivery timelines and the
16 extent to which the Postal Service is meeting its
17 service standard obligations.

18 “(4) The need to ensure that the Postal Service
19 has adequate revenues and has taken appropriate
20 cost-cutting measures to maintain financial stability
21 and meet all legal obligations.

22 “(5) The extent to which the Postal Service has
23 taken actions to increase its efficiency and reduce its
24 costs.

1 “(6) The value of the mail service actually pro-
2 vided by each class or type of mail service to both
3 the sender and the recipient, including the collection,
4 mode of transportation, and priority of delivery.

5 “(7) The requirement that each class of mail or
6 type of mail service bear the direct and indirect
7 postal costs attributable to each class or type of mail
8 service through reliably identified causal relation-
9 ships plus that portion of all other costs of the Post-
10 al Service reasonably assignable to such class or
11 type.

12 “(8) The degree of preparation of mail for de-
13 livery into the postal system performed by the mailer
14 and its effect upon improving efficiency and reduc-
15 ing costs to the Postal Service.

16 “(9) Simplicity of structure for the entire
17 schedule and simple, identifiable relationships be-
18 tween the rates or fees charged the various classes
19 of mail for postal services.

20 “(10) The importance of pricing flexibility to
21 encourage increased mail volume and operational ef-
22 ficiency.

23 “(11) The relative value to postal users of the
24 kinds of mail matter entered into the postal system

1 and the desirability and justification for special clas-
2 sifications and services of mail.

3 “(12) The importance of providing classifica-
4 tions with extremely high degrees of reliability and
5 speed of delivery and of providing those that do not
6 require high degrees of reliability and speed of deliv-
7 ery.

8 “(13) The desirability of special classifications
9 for both postal users and the Postal Service in ac-
10 cordance with the policies of this title, including
11 agreements between the Postal Service and postal
12 users, when available on public and reasonable terms
13 to similarly situated mailers, that—

14 “(A) improve the net financial position of
15 the Postal Service by reducing Postal Service
16 costs or increasing the overall contribution to
17 the institutional costs of the Postal Service; and

18 “(B) do not cause—

19 “(i) unfair competitive advantage for
20 the Postal Service or postal users eligible
21 for the agreements; or

22 “(ii) unreasonable disruption to the
23 volume or revenues of other postal users.

24 “(14) The educational, cultural, scientific, and
25 informational value to the recipient of mail matter.

1 “(15) The need for the Postal Service to in-
2 crease its efficiency and reduce its costs, including
3 infrastructure costs, to help maintain high quality,
4 affordable postal services.

5 “(16) The value to the Postal Service and post-
6 al users of promoting intelligent mail and of secure,
7 sender-identified mail.

8 “(17) The importance of stability and predict-
9 ability of rates to ratepayers.

10 “(18) The policies of this title as well as such
11 other factors as the Commission determines appro-
12 priate.”.

13 (3) REQUIREMENTS.—Section 3622(d)(1) of
14 title 39, United States Code, is amended—

15 (A) by redesignating subparagraphs (B)
16 through (E) as subparagraphs (C) through (F),
17 respectively;

18 (B) in subparagraph (F) (as redesignated
19 by clause (i)) by striking “subparagraphs (A)
20 and (C)” and inserting “subparagraphs (A) and
21 (D)”;

22 (C) by inserting after subparagraph (A)
23 the following:

1 “(B) establish postal rates for each group
2 of functionally equivalent agreements between
3 the Postal Service and users of the mail that—

4 “(i) cover attributable cost;

5 “(ii) improve the net financial position
6 of the Postal Service; and

7 “(iii) do not cause unreasonable dis-
8 ruption in the marketplace, consistent with
9 subsection (c)(13)(B);

10 for purposes of this subparagraph, a group of
11 functionally equivalent agreements shall consist
12 of all service agreements that are functionally
13 equivalent to each other within the same mar-
14 ket-dominant product, but shall not include
15 agreements within an experimental product;”.

16 (4) TECHNICAL AND CONFORMING AMEND-
17 MENTS.—Section 3622 of title 39, United States
18 Code, is amended—

19 (A) in subsection (a) by striking “, within
20 18 months after the date of enactment of this
21 section,”; and

22 (B) in subsection (d)(1)(D) (as redesign-
23 ated by paragraph (3)(A)) by striking
24 “(c)(10)” and inserting “(c)(13)”.

1 (b) REPEAL OF RATE PREFERENCES FOR QUALI-
2 FIED POLITICAL COMMITTEES.—Subsection (e) of section
3 3626 of title 39, United States Code, is repealed.

4 (c) USE OF NEGOTIATED SERVICE AGREEMENTS.—

5 (1) STREAMLINED REVIEW OF QUALIFYING
6 SERVICE AGREEMENTS FOR COMPETITIVE PROD-
7 UCTS.—Section 3633 of title 39, United States
8 Code, is amended by adding at the end the fol-
9 lowing:

10 “(c) STREAMLINED REVIEW.—Not later than 90
11 days after the date of enactment of this subsection, after
12 notice and opportunity for comment, the Postal Regu-
13 latory Commission shall promulgate (and may from time
14 to time thereafter revise) regulations for streamlined
15 after-the-fact review of newly proposed agreements be-
16 tween the Postal Service and users of the mail that provide
17 rates not of general applicability for competitive products.
18 Streamlined review shall apply only if agreements are
19 functionally equivalent to existing agreements that have
20 collectively covered attributable costs and collectively im-
21 proved the net financial position of the Postal Service. The
22 regulations issued under this subsection shall provide that
23 streamlined review shall be concluded not later than 5
24 business days after the date on which the agreement is
25 filed with the Commission and shall be limited to approval

1 or disapproval of the agreement as a whole based on the
2 Commission's determination of its functional equivalence.
3 Agreements not approved may be resubmitted without
4 prejudice under section 3632.”.

5 (2) SUBMISSION OF SERVICE AGREEMENTS FOR
6 STREAMLINED REVIEW.—Section 3632(b) of title 39,
7 United States Code, is amended—

8 (A) by redesignating paragraph (4) as
9 paragraph (5); and

10 (B) by inserting after paragraph (3) the
11 following:

12 “(4) RATES FOR STREAMLINED REVIEW.—In
13 the case of rates not of general applicability for com-
14 petitive products that the Postmaster General con-
15 siders eligible for streamlined review under section
16 3633(c), the Postmaster General shall cause the
17 agreement to be filed with the Postal Regulatory
18 Commission by a date that is on or before the effec-
19 tive date of any new rate established under the
20 agreement, as the Postmaster General considers ap-
21 propriate.”.

22 (3) TRANSPARENCY AND ACCOUNTABILITY FOR
23 SERVICE AGREEMENTS.—

24 (A) CERTAIN INFORMATION REQUIRED TO
25 BE INCLUDED IN DETERMINATIONS OF COMPLI-

1 ANCE.—Section 3653 of title 39, United States
2 Code, is amended—

3 (i) by redesignating subsections (c),
4 (d), and (e) as subsections (d), (e), and (f),
5 respectively; and

6 (ii) by inserting after subsection (b)
7 the following:

8 “(c) WRITTEN DETERMINATION.—Each annual writ-
9 ten determination of the Commission under this section
10 shall include the following:

11 “(1) REQUIREMENTS.—For each group of func-
12 tionally equivalent agreements between the Postal
13 Service and users of the mail, whether such group
14 fulfilled requirements to—

15 “(A) cover costs attributable; and

16 “(B) improve the net financial position of
17 the Postal Service.

18 “(2) NONCOMPLIANCE.—Any group of function-
19 ally equivalent agreements not meeting subpara-
20 graphs (A) and (B) of paragraph (1) shall be deter-
21 mined to be in noncompliance under this subsection.

22 “(3) DEFINITION.—For purposes of this sub-
23 section, a group of functionally equivalent agree-
24 ments shall consist of 1 or more service agreements
25 that are functionally equivalent to each other within

1 the same market-dominant or competitive product,
2 but shall not include agreements within an experi-
3 mental product.”.

4 (B) TECHNICAL AMENDMENT.—Section
5 3653(d) of title 39, United States Code (as re-
6 designated by subparagraph (A)), is amended
7 by striking “subsections (c) and (e)” and in-
8 serting “subsections (c) and (d)”.

9 **SEC. 204. NONPOSTAL SERVICES.**

10 (a) NONPOSTAL SERVICES.—

11 (1) IN GENERAL.—Part IV of title 39, United
12 States Code, is amended by adding after chapter 36
13 the following:

14 **“CHAPTER 37—NONPOSTAL SERVICES**

“Sec.

“3701. Purpose.

“3702. Definitions.

“3703. Postal Service program for State governments.

“3704. Postal Service program for other Government agencies.

“3705. Transparency and accountability for nonpostal services.

15 **“§ 3701. Purpose**

16 “The purpose of this chapter is to enable the Postal
17 Service to increase its net revenues through specific non-
18 postal products and services that are expressly authorized
19 by this chapter. Postal Service revenues and expenses
20 under this chapter shall be funded through the Postal
21 Service Fund.

1 **“§ 3702. Definitions**

2 “In this chapter—

3 “(1) the term ‘nonpostal services’ is limited to
4 services offered by the Postal Service that are ex-
5 pressly authorized by this chapter and are not postal
6 products or services;

7 “(2) the term ‘attributable costs’ has the mean-
8 ing given such term in section 3631; and

9 “(3) the term ‘year’ means a fiscal year.

10 **“§ 3703. Postal Service program for State govern-**
11 **ments**

12 “(a) IN GENERAL.—Notwithstanding any other pro-
13 vision of this title, the Postal Service may establish a pro-
14 gram to enter into agreements with an agency of any State
15 government, local government, or tribal government to
16 provide property and services on behalf of such agencies
17 for non-commercial products and services, but only if such
18 property and services—

19 “(1) provide enhanced value to the public, such
20 as by lowering the cost or raising the quality of such
21 services or by making such services more accessible;

22 “(2) do not interfere with or detract from the
23 value of postal services, including—

24 “(A) the cost and efficiency of postal serv-
25 ices; and

1 “(B) unreasonably restricting access to
2 postal retail service, such as customer waiting
3 time and access to parking; and

4 “(3) provide a reasonable contribution to the in-
5 stitutional costs of the Postal Service, defined as re-
6 imbursement that covers at least 100 percent of at-
7 tributable costs of all property and services provided
8 under each relevant agreement in each year.

9 “(b) PUBLIC NOTICE.—At least 90 days before offer-
10 ing a service under the program, the Postal Service shall
11 make available to the public on its website—

12 “(1) the agreement with the agency regarding
13 such service; and

14 “(2) a business plan that describes the specific
15 service to be provided, the enhanced value to the
16 public, terms of reimbursement, the estimated an-
17 nual reimbursement to the Postal Service, and the
18 estimated percentage of attributable Postal Service
19 costs that will be covered by reimbursement (with
20 documentation to support the estimates).

21 “(c) PUBLIC COMMENT.—Before offering a service
22 under the program, the Postal Service shall provide for
23 a public comment period of at least 30 days that allows
24 the public to post comments relating to the provision of
25 such services on the Postal Service website. The Postal

1 Service shall make reasonable efforts to provide written
2 responses to the comments on such website at least 30
3 days before offering such services.

4 “(d) APPROVAL REQUIRED.—The Postal Service may
5 not establish the program under subsection (a) unless the
6 Governors of the Postal Service approve such program by
7 a recorded vote that is publicly disclosed on the Postal
8 Service website with a majority of the total Governors vot-
9 ing for approval.

10 “(e) APPLICATION OF REPORTING REQUIRE-
11 MENTS.—For purposes of the reporting requirements
12 under section 3705, the Postal Service shall submit a sep-
13 arate report for each agreement with an agency entered
14 into under subsection (a) analyzing the costs, revenues,
15 rates, and quality of service for the provision of all services
16 under such agreement, including information dem-
17 onstrating that the agreement satisfies the requirements
18 of paragraphs (1) through (3) of subsection (a).

19 “(f) REGULATIONS REQUIRED.—The Postal Regu-
20 latory Commission shall issue such regulations as are nec-
21 essary to carry out this section.

22 “(g) DEFINITIONS.—For the purpose of this sec-
23 tion—

24 “(1) the term ‘local government’ means a coun-
25 ty, municipality, city, town, township, local public

1 authority, school district, special district, intrastate
2 district, council of governments, or regional or inter-
3 state government entity;

4 “(2) the term ‘State government’ includes the
5 government of the District of Columbia, the Com-
6 monwealth of Puerto Rico, the United States Virgin
7 Islands, Guam, American Samoa, the Common-
8 wealth of the Northern Mariana Islands, and any
9 other territory or possession of the United States;

10 “(3) the term ‘tribal government’ means the
11 government of an Indian tribe, as that term is de-
12 fined in section 4(e) of the Indian Self-Determina-
13 tion Act (25 U.S.C. 450b(e)); and

14 “(4) the term ‘United States’, when used in a
15 geographical sense, means the States, the District of
16 Columbia, the Commonwealth of Puerto Rico, the
17 United States Virgin Islands, Guam, American
18 Samoa, the Commonwealth of the Northern Mariana
19 Islands, and any other territory or possession of the
20 United States.

21 “(h) CONFIDENTIAL INFORMATION.—Subsection (b)
22 or (c) shall not be construed as requiring the Postal Serv-
23 ice to disclose to the public any information—

24 “(1) described in section 410(c); or

1 “(2) exempt from public disclosure under sec-
2 tion 552(b) of title 5.

3 **“§ 3704. Postal Service program for other Govern-**
4 **ment agencies**

5 “(a) IN GENERAL.—The Postal Service may establish
6 a program to provide property and services to other Gov-
7 ernment agencies within the meaning of section 411, but
8 only if such program provides a reasonable contribution
9 to the institutional costs of the Postal Service, defined as
10 reimbursement by each agency that covers at least 100
11 percent of the attributable costs of all property and service
12 provided by the Postal Service in each year to such agency.

13 “(b) APPLICATION OF REPORTING REQUIRE-
14 MENTS.—For purposes of the reporting requirements
15 under section 3705, the Postal Service shall submit a sep-
16 arate report for each agreement with an agency entered
17 into under subsection (a) analyzing the costs, revenues,
18 rates, and quality of service for the provision of all services
19 under such agreement, including information dem-
20 onstrating that the agreement satisfies the requirements
21 of subsection (a).

22 **“§ 3705. Transparency and accountability for non-**
23 **postal services**

24 “(a) ANNUAL REPORT TO THE COMMISSION.—

1 “(1) IN GENERAL.—Not later than 90 days
2 after the last day of each year, the Postal Service
3 shall submit to the Postal Regulatory Commission a
4 report that analyzes costs, revenues, rates, and qual-
5 ity of service for each agreement for the provision of
6 property and services under this chapter, using such
7 methodologies as the Commission may prescribe, and
8 in sufficient detail to demonstrate compliance with
9 the requirements of this chapter.

10 “(2) SUPPORTING MATTER.—A report sub-
11 mitted under paragraph (1) shall include any non-
12 public annex, the working papers, and any other
13 supporting matter of the Postal Service and the In-
14 spector General related to the information submitted
15 in such report.

16 “(b) CONTENT AND FORM OF REPORT.—

17 “(1) IN GENERAL.—The Postal Regulatory
18 Commission shall, by regulation, prescribe the con-
19 tent and form of the report required under sub-
20 section (a). In prescribing such regulations, the
21 Commission shall give due consideration to—

22 “(A) providing the public with timely, ade-
23 quate information to assess compliance;

1 “(B) avoiding unnecessary or unwarranted
2 administrative effort and expense on the part of
3 the Postal Service; and

4 “(C) protecting the confidentiality of infor-
5 mation that is commercially sensitive or is ex-
6 empt from public disclosure under section
7 552(b) of title 5.

8 “(2) REVISED REQUIREMENTS.—The Commis-
9 sion may, on its own motion or on request of any
10 interested party, initiate proceedings to improve the
11 quality, accuracy, or completeness of Postal Service
12 data required by the Commission if—

13 “(A) the attribution of costs or revenues to
14 property or services under this chapter has be-
15 come significantly inaccurate or can be signifi-
16 cantly improved;

17 “(B) the quality of service data provided to
18 the Commission for a report under this chapter
19 has become significantly inaccurate or can be
20 significantly improved; or

21 “(C) such revisions are, in the judgment of
22 the Commission, otherwise necessitated by the
23 public interest.

24 “(c) AUDITS.—The Inspector General shall regularly
25 audit the data collection systems and procedures used in

1 collecting information and preparing the report required
2 under subsection (a). The results of any such audit shall
3 be submitted to the Postal Service and the Postal Regu-
4 latory Commission.

5 “(d) CONFIDENTIAL INFORMATION.—

6 “(1) IN GENERAL.—If the Postal Service deter-
7 mines that any document or portion of a document,
8 or other matter, which it provides to the Postal Reg-
9 ulatory Commission in a nonpublic annex under this
10 section contains information described in section
11 410(c), or exempt from public disclosure under sec-
12 tion 552(b) of title 5, the Postal Service shall, at the
13 time of providing such matter to the Commission,
14 notify the Commission of its determination, in writ-
15 ing, and describe with particularity the documents
16 (or portions of documents) or other matter for which
17 confidentiality is sought and the reasons therefor.

18 “(2) TREATMENT.—Any information or other
19 matter described in paragraph (1) to which the
20 Commission gains access under this section shall be
21 subject to paragraphs (2) and (3) of section 504(g)
22 in the same way as if the Commission had received
23 notification with respect to such matter under sec-
24 tion 504(g)(1).

25 “(e) ANNUAL COMPLIANCE DETERMINATION.—

1 “(1) OPPORTUNITY FOR PUBLIC COMMENT.—

2 Upon receiving a report required under subsection
3 (a), the Postal Regulatory Commission shall prompt-
4 ly—

5 “(A) provide an opportunity for comment
6 on such report by any interested party; and

7 “(B) appoint an officer of the Commission
8 to represent the interests of the general public.

9 “(2) DETERMINATION OF COMPLIANCE OR NON-
10 COMPLIANCE.—Not later than 90 days after receiv-
11 ing a report required under subsection (a), the Post-
12 al Regulatory Commission shall make a written de-
13 termination as to whether the nonpostal activities
14 carried out during the applicable year were or were
15 not in compliance with the provisions of this chapter.
16 For purposes of this paragraph, any case in which
17 the requirements for coverage of attributable costs
18 have not been met shall be considered to be a case
19 of noncompliance. If, with respect to a year, no in-
20 stance of noncompliance is found to have occurred,
21 the determination shall be to that effect. Such deter-
22 mination of noncompliance shall be included with the
23 annual compliance determination required under sec-
24 tion 3653.

1 “(3) NONCOMPLIANCE.—If a timely written de-
2 termination of noncompliance is made under para-
3 graph (2), the Postal Regulatory Commission shall
4 take appropriate action. If the requirements for cov-
5 erage of attributable costs specified by this chapter
6 are not met, the Commission shall, within 60 days
7 after the determination, prescribe remedial action to
8 restore compliance as soon as practicable, including
9 the full restoration of revenue shortfalls during the
10 following year. The Commission may order the Post-
11 al Service to discontinue a nonpostal service under
12 section 3703 that persistently fails to meet cost cov-
13 erage requirements.

14 “(4) DELIBERATE NONCOMPLIANCE.—In the
15 case of deliberate noncompliance by the Postal Serv-
16 ice with the requirements of this chapter, the Postal
17 Regulatory Commission may order, based on the na-
18 ture, circumstances, extent, and seriousness of the
19 noncompliance, a fine (in the amount specified by
20 the Commission in its order) for each incidence of
21 such noncompliance. All receipts from fines imposed
22 under this subsection shall be deposited in the gen-
23 eral fund of the Treasury.

1 “(f) REGULATIONS REQUIRED.—The Postal Regu-
2 latory Commission shall issue such regulations as are nec-
3 essary to carry out this section.”.

4 (2) CLERICAL AMENDMENT.—The table of
5 chapters for part IV of title 39, United States Code,
6 is amended by adding after the item relating to
7 chapter 36 the following:

“37. Nonpostal services 3701”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) SECTION 404.—Section 404(e) of title 39,
10 United States Code, is amended—

11 (A) in paragraph (2), by inserting after
12 “subsection” the following: “, or any nonpostal
13 products or services authorized by chapter 37”;
14 and

15 (B) by adding at the end the following:

16 “(6) Licensing which, before the date of enactment
17 of this paragraph, has been authorized by the Postal Reg-
18 ulatory Commission for continuation as a nonpostal serv-
19 ice may not be used for any purpose other than—

20 “(A) to continue to provide licensed mailing,
21 shipping, or stationery supplies offered as of June
22 23, 2011; or

23 “(B) to license other goods, products, or serv-
24 ices, the primary purpose of which is to promote and
25 enhance the image or brand of the Postal Service.

1 “(7) Nothing in this section shall be construed to pre-
2 vent the Postal Service from establishing nonpostal prod-
3 ucts and services that are expressly authorized by chapter
4 37.”.

5 (2) SECTION 411.—The last sentence of section
6 411 of title 39, United States Code, is amended by
7 striking “including reimbursability” and inserting
8 “including reimbursability within the limitations of
9 chapter 37”.

10 (3) TREATMENT OF EXISTING NONPOSTAL
11 SERVICES.—All individual nonpostal services, pro-
12 vided directly or through licensing, that are contin-
13 ued pursuant to section 404(e) of title 39, United
14 States Code, shall be considered to be expressly au-
15 thorized by chapter 37 of such title (as added by
16 subsection (a)(1)) and shall be subject to the re-
17 quirements of such chapter.

18 **SEC. 205. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL**
19 **SERVICE.**

20 (a) CONDITIONS REGARDING DETERMINATIONS FOR
21 POST OFFICE CLOSURES.—Clause (i) of section
22 404(d)(2)(A) of title 39, United States Code, is amended
23 to read as follows:

1 “(i) the effect of such closing or consolida-
2 tion on the community served by such post of-
3 fice, including through an analysis of—

4 “(I) the distance (as measured by
5 public roads) to the closest postal retail fa-
6 cility not proposed for closure or consolida-
7 tion under such plan;

8 “(II) the characteristics of such loca-
9 tion, including weather and terrain;

10 “(III) whether commercial mobile
11 service (as defined in section 332 of the
12 Communications Act of 1934) and com-
13 mercial mobile data service (as defined in
14 section 6001 of the Middle Class Tax Re-
15 lief and Job Creation Act of 2012) are
16 available in at least 80 percent of the total
17 geographic area of the ZIP codes served by
18 the postal retail facility proposed for clo-
19 sure or consolidation; and

20 “(IV) whether fixed broadband Inter-
21 net access service is available to households
22 in at least 80 percent of such geographic
23 area at speeds not less than those suffi-
24 cient for service to be considered
25 broadband for purposes of the most recent

1 report of the Federal Communications
2 Commission under section 706 of the Tele-
3 communications Act of 1996;”.

4 (b) PRC REVIEW OF DETERMINATIONS TO CLOSE OR
5 CONSOLIDATE A POST OFFICE.—

6 (1) DEADLINE FOR REVIEW.—Section
7 404(d)(5) title 39, United States Code, is amended
8 by striking “120 days” and inserting “60 days, or
9 a longer period for good cause shown but in no event
10 longer than 120 days,”.

11 (2) APPLICABILITY.—The amendment made by
12 paragraph (1) shall not apply with respect to an ap-
13 peal received by the Postal Regulatory Commission
14 before the date of enactment of this Act (as deter-
15 mined applying the rules set forth in section
16 404(d)(6) of such title).

17 (c) EXPEDITED PROCEDURES.—

18 (1) IN GENERAL.—Section 3661 of title 39,
19 United States Code, is amended by adding at the
20 end the following:

21 “(d)(1) The Commission shall issue its opinion within
22 90 days, or a longer period for good cause shown but in
23 no event longer than 120 days, after the receipt of any
24 proposal (as referred to in subsection (b)) concerning an
25 identical or substantially identical proposal on which the

1 Commission has issued an opinion within the preceding
2 5 years.

3 “(2) If necessary in order to comply with the 90-day
4 requirement under paragraph (1), the Commission may
5 apply expedited procedures which the Commission shall by
6 regulation prescribe.”.

7 (2) REGULATIONS.—The Postal Regulatory
8 Commission shall prescribe any regulations nec-
9 essary to carry out the amendment made by para-
10 graph (1) within 90 days after the date of enact-
11 ment of this Act.

12 (3) APPLICABILITY.—The amendment made by
13 this subsection shall apply with respect to any pro-
14 posal received by the Postal Regulatory Commission
15 on or after the earlier of—

16 (A) the 90th day after the date of enact-
17 ment of this Act; or

18 (B) the effective date of the regulations
19 under paragraph (2).

20 (d) ALTERNATE POSTAL ACCESS CHOICE.—Section
21 404(d) of title 39, United States Code, is amended by
22 striking paragraph (1) and inserting the following:

23 “(1) The Postal Service, prior to making a de-
24 termination under subsection (a)(3) as to the neces-

1 sity for the closing or consolidation of any post of-
2 fice, shall—

3 “(A) provide adequate notice of its inten-
4 tion to close or consolidate such post office at
5 least 60 days prior to the proposed date of such
6 closing or consolidation to postal patrons served
7 by such post office;

8 “(B) conduct a nonbinding survey on the
9 proposed closing or consolidation to allow postal
10 patrons served by such post office an oppor-
11 tunity to indicate their preference between or
12 among—

13 “(i) the closing or consolidation; and

14 “(ii) 1 or more alternative options;

15 and

16 “(C) ensure that—

17 “(i) should the closure or consolida-
18 tion of a postal retail facility be deemed
19 necessary, it shall be the policy of the
20 Postal Service to provide alternative access
21 to postal services to those served by the
22 postal retail facility by the option chosen
23 by the highest number of survey respond-
24 ents under subparagraph (B)(ii); and

1 “(ii) if the Postal Service is unable to
2 provide alternative access through the op-
3 tion identified in clause (i), or if that op-
4 tion is cost prohibitive, the Postal Service
5 may provide alternative access through a
6 different means. Upon selection of an al-
7 ternative access method other than the one
8 identified by clause (i), the Postal Service
9 must provide written notice to those pa-
10 trons served by the postal retail facility
11 identifying and explaining why the option
12 identified by clause (i) was not possible or
13 cost prohibitive.”.

14 (e) APPLICABILITY OF PROCEDURES RELATING TO
15 CLOSURES AND CONSOLIDATIONS.—

16 (1) IN GENERAL.—Section 404(d) of title 39,
17 United States Code, is further amended by adding
18 at the end the following:

19 “(7) For purposes of this subsection, the term ‘post
20 office’ means a post office and any other facility described
21 in section 2(2) of the Postal Service Reform Act of
22 2017.”.

23 (2) EFFECTIVE DATE.—In the case of any post
24 office (within the meaning of the amendment made
25 by paragraph (1)) which, but for such amendment,

1 would not otherwise be subject to section 404(d) of
2 title 39, United States Code, the amendments made
3 by subsections (a) and (d) shall be effective with re-
4 spect to any closure or consolidation, the proposed
5 effective date of which occurs on or after the 60th
6 day following the date of enactment of this Act.

7 (f) ENHANCED REPORTING ON POSTAL SERVICE EF-
8 FICIENCY.—Section 3652(a) of title 39, United States
9 Code, is amended—

10 (1) in paragraph (1), by striking “and” at the
11 end;

12 (2) in paragraph (2)(B)(ii), by striking the pe-
13 riod at the end and inserting “; and”; and

14 (3) by adding after paragraph (2) the following:

15 “(3) which shall provide the overall change in
16 Postal Service productivity and the resulting effect
17 of such change on overall Postal Service costs during
18 such year, using such methodologies as the Commis-
19 sion shall by regulation prescribe, if necessary.”.

20 (g) POSTPLAN STUDY.—

21 (1) IN GENERAL.—Beginning not later than 30
22 days after the date of enactment of this Act, the In-
23 spector General of the Postal Community shall con-
24 duct a 1-year review to study of the impacts of the
25 POSTPlan post office restructuring plan on Postal

1 Service expenses, revenue, and retail service provi-
2 sion.

3 (2) CONTENT.—In conducting the review under
4 paragraph (1), the Inspector General shall exam-
5 ine—

6 (A) changes in the costs for the provision
7 of Postal Service operated retail service, both
8 nationwide and in the aggregate for each of the
9 Level 2, Level 4, Level 6, and Level 18 post of-
10 fices for which the hours, functions, or respon-
11 sibilities changed as a result of the POSTPlan
12 initiative before and after the implementation of
13 the POSTPlan initiative;

14 (B) changes in revenue received by Postal
15 Service operated retail service, both nationwide
16 and in the aggregate for each of the Level 2,
17 Level 4, Level 6, and Level 18 post offices for
18 which the hours, functions, or responsibilities
19 changed as a result of the POSTPlan initiative
20 before and after the implementation of the
21 POSTPlan initiative;

22 (C) a determination of the relative cost
23 savings, taking into account any changes in rev-
24 enue earned, realized on an annual basis for
25 Level 2, Level 4, Level 6, and Level 18 offices

1 each in the aggregate and any trends in such
2 cost savings;

3 (D) the relative impact on retail access to
4 postal services for individuals served by Level 2,
5 Level 4, Level 6, and Level 18 offices each in
6 the aggregate; and

7 (E) any other factors the Inspector Gen-
8 eral determines appropriate.

9 (3) REPORT AND RECOMMENDATIONS.—Upon
10 completion of the review required under paragraph
11 (1), the Inspector General shall submit to the Postal
12 Service, the Committee on Homeland Security and
13 Governmental Affairs of the Senate, and the Com-
14 mittee on Oversight and Government Reform of the
15 House of Representatives a report containing—

16 (A) the results of the review; and

17 (B) any recommendations resulting from
18 such review.

19 (4) POSTAL SERVICE REVIEW.—Prior to any
20 hour changes or consolidation decisions related to
21 POSTPlan initiative impacted post offices, the Post-
22 al Service shall—

23 (A) review the report and any rec-
24 ommendations submitted pursuant to para-
25 graph (3); and

1 (B) revise any planned efforts regarding
2 the POSTPlan initiative, as appropriate.

3 **SEC. 206. FAIR STAMP-EVIDENCING COMPETITION.**

4 Section 404a(a) of title 39, United States Code, is
5 further amended—

6 (1) in paragraph (2), by striking “or” at the
7 end;

8 (2) in paragraph (3) by striking the period and
9 inserting “; or”; and

10 (3) by adding at the end the following:

11 “(4) offer to the public any postage-evidencing
12 product or service that does not comply with any
13 rule or regulation that would be applicable to such
14 product or service if the product or service were of-
15 fered by a private company.”.

16 **SEC. 207. MARKET-DOMINANT RATES.**

17 (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-
18 standing any order of the Postal Regulatory Commission
19 to the contrary—

20 (1) no earlier than the first Sunday after the
21 date of enactment of this Act, on a date selected by
22 the Postmaster General in the exercise of the Post-
23 master General’s unreviewable discretion, the Postal
24 Service shall reinstate, as nearly as is practicable
25 and equal for each product, category, and rate cell,

1 50 percent of the rate surcharge implemented under
2 section 3622(d)(1)(F) (as redesignated by this Act)
3 that was in effect on April 9, 2016; and

4 (2) the partially reinstated surcharge reinstated
5 pursuant to paragraph (1) shall be considered a part
6 of the rate base for purposes of determining the per-
7 centage changes in rates when the Postal Service
8 files a notice of rate adjustment.

9 (b) SUBSEQUENT RATE INCREASES.—The reinstate-
10 ment described under subsection (a)(1) may not affect the
11 calculation of the Postal Service’s maximum rate adjust-
12 ment authority under subpart C of part 3010 of title 39,
13 Code of Federal Regulations, for purposes of any rate in-
14 crease that occurs following such reinstatement.

15 (c) POSTAL REGULATORY COMMISSION AUTHORITY
16 NOT AFFECTED.—Nothing in this section shall be con-
17 strued as affecting the authority of the Postal Regulatory
18 Commission to, by regulation, make such modification or
19 adopt such alternative system for regulating rates and
20 classes for market-dominant products as provided under
21 section 3622 of title 39, United States Code.

22 **SEC. 208. COMPLETION OF INITIAL RATE REGULATION RE-**
23 **VIEW.**

24 The Postal Regulatory Commission shall complete
25 the initial review of the system for regulating rates and

1 classes for market-dominant products established under
2 section 3622 of title 39, United States Code, such that
3 any final rule making a modification or adopting an alter-
4 native system for regulating rates and classes for market-
5 dominant products as necessary to achieve the objectives
6 in subsection (b) of such section is issued not later than
7 January 1, 2018.

8 **SEC. 209. REVIEW OF POSTAL SERVICE COST ATTRIBUTION**
9 **GUIDELINES.**

10 Not later than April 1, 2018, the Postal Regulatory
11 Commission shall initiate a review of the regulations
12 issued pursuant to sections 3633(a) and 3652(a)(1) of
13 title 39, United States Code, to determine whether revi-
14 sions are appropriate to ensure that all direct and indirect
15 costs attributable to competitive and market-dominant
16 products are properly attributed to those products, includ-
17 ing by considering the underlying methodologies in deter-
18 mining cost attribution and considering options to revise
19 such methodologies. If the Commission determines, after
20 notice and opportunity for public comment, that revisions
21 are appropriate, the Commission shall make modifications
22 or adopt alternative methodologies as necessary.

23 **SEC. 210. AVIATION SECURITY FOR PARCELS.**

24 Not later than 18 months after the date of enactment
25 of this Act, the Inspector General of the Postal Commu-

1 nity shall transmit to the Committee on Oversight and
2 Government Reform of the House of Representatives and
3 the Committee on Homeland Security and Governmental
4 Affairs of the Senate the results of a review of the security
5 measures in place for parcels carried on air carriers to
6 domestic and international destinations for which audit
7 trails are generated. The review required under this sub-
8 section shall assess, at a minimum—

9 (1) the effectiveness of the audit trail created
10 by postage evidencing systems that have been vali-
11 dated under the Federal Information Processing
12 Standards in accurately and consistently identifying
13 the senders of parcels carried on air carriers;

14 (2) the effectiveness of the Postal Service's in-
15 person identity verification procedures in accurately
16 and consistently identifying the senders of parcels
17 carried on air carriers;

18 (3) the effectiveness of the Postal Service in ac-
19 curately and consistently identifying the senders of
20 parcels carried on air carriers where the postage—

21 (A) has not been generated by a postage
22 evidencing system that has be validated under
23 the Federal Information Processing Standards;
24 and

1 (B) has not been entered with in-person
2 identity verification; and
3 (4) the effectiveness of the audit trail generated
4 by customs declarations in accurately and consist-
5 ently identifying the senders of parcels carried on air
6 carriers to international destinations.

7 **SEC. 211. ZIP CODES.**

8 Not later than 270 days after the date of enactment
9 of this Act, the Postal Service shall designate a single,
10 unique ZIP code for, as nearly as practicable, each of the
11 following communities:

12 (1) Miami Lakes, Florida.

13 (2) Storey County, Nevada.

14 (3) Flanders, Northampton, and Riverside in
15 the Town of Southampton, New York.

16 (4) Ocoee, Florida.

17 (5) Glendale, New York.

18 **TITLE III—POSTAL SERVICE**
19 **PERSONNEL**

20 **SEC. 301. POSTAL SERVICE CHIEF INNOVATION OFFICER.**

21 (a) IN GENERAL.—Chapter 2 of title 39, United
22 States Code, is amended by adding at the end the fol-
23 lowing:

1 **“§ 209. Chief Innovation Officer**

2 “(a) IN GENERAL.—There is established within the
3 Postal Service the position of Chief Innovation Officer, ap-
4 pointed by the Postmaster General, who shall manage the
5 Postal Service’s development and implementation of inno-
6 vative postal and nonpostal (as expressly authorized by
7 chapter 37) products and services.

8 “(b) DUTIES.—The primary duties of the Chief Inno-
9 vation Officer are as follows:

10 “(1) Leading the development of innovative
11 nonpostal products and services that will maximize
12 revenue to the Postal Service.

13 “(2) Developing innovative postal products and
14 services, specifically those that utilize emerging in-
15 formation technologies, to maximize revenue to the
16 Postal Service.

17 “(3) Implementing the innovation strategy de-
18 scribed under subsection (d).

19 “(4) Monitoring the performance of innovative
20 products and services and revising them as needed
21 to meet changing market trends.

22 “(5) Taking into consideration comments, if ap-
23 plicable, issued by the Postal Regulatory Commis-
24 sion prior to the initial sale of innovative postal or
25 nonpostal products and services.

26 “(c) APPOINTMENT.—

1 “(1) DEADLINE.—As soon as practicable after
2 the date of enactment of the Postal Service Reform
3 Act of 2017, but no later than 6 months after such
4 date, the Postmaster General shall appoint a Chief
5 Innovation Officer.

6 “(2) REQUIREMENTS.—Any individual ap-
7 pointed to serve as the Chief Innovation Officer shall
8 have proven expertise and a record of success in at
9 least 1 of the following:

10 “(A) Postal and shipping industry.

11 “(B) Innovation product research and de-
12 velopment.

13 “(C) Marketing brand strategy.

14 “(D) Emerging communications tech-
15 nology.

16 “(E) Business process management.

17 “(3) CURRENT OFFICER OR EMPLOYEE ELIGI-
18 BLE.—An officer or employee of the Postal Service
19 may be appointed to the position of Chief Innovation
20 Officer under this chapter. Upon appointment to
21 such position, such officer or employee may not con-
22 currently hold any other position in the Postal Serv-
23 ice.

24 “(d) INNOVATION STRATEGY.—

1 “(1) IN GENERAL.—Not later than 12 months
2 after the date on which the Chief Innovation Officer
3 is appointed under subsection (c)(1), the Postmaster
4 General shall submit to the Committee on Oversight
5 and Government Reform of the House of Represent-
6 atives, the Committee on Homeland Security and
7 Governmental Affairs of the Senate, and the Postal
8 Regulatory Commission a comprehensive strategy for
9 maximizing revenues through innovative postal and
10 nonpostal products and services.

11 “(2) MATTERS TO BE ADDRESSED.—The strat-
12 egy submitted under paragraph (1) shall address—

13 “(A) the specific innovative postal and
14 nonpostal products and services to be developed
15 and offered by the Postal Service, including the
16 nature of the market to be filled by each prod-
17 uct and service and the likely date by which
18 each product and service will be introduced;

19 “(B) the cost of developing and offering
20 each product or service;

21 “(C) the anticipated sales volume of each
22 product and service;

23 “(D) the anticipated revenues and profits
24 expected to be generated by each product and
25 service;

1 “(E) the likelihood of success of each prod-
2 uct and service as well as the risks associated
3 with the development and sale of each product
4 and service;

5 “(F) the trends anticipated in market con-
6 ditions that may affect the success of each
7 product and service over the 5-year period be-
8 ginning on the date such strategy or update is
9 submitted;

10 “(G) the metrics that will be utilized to as-
11 sess the effectiveness of the innovation strategy;
12 and

13 “(H) the specific methods by which
14 mailpiece design analysis may be improved to
15 speed the approval process and promote the in-
16 creased use of innovative mailpiece design.

17 “(3) STRATEGY UPDATES.—For each of the 4
18 years following the submission of the innovation
19 strategy under paragraph (1), the Postal Service
20 shall submit an annual update to the innovation
21 strategy to the Committee on Oversight and Govern-
22 ment Reform of the House of Representatives, the
23 Committee on Homeland Security and Governmental
24 Affairs of the Senate, and the Postal Regulatory
25 Commission.

1 “(e) REPORT.—

2 “(1) IN GENERAL.—On the date of submission
3 of the President’s annual budget under section
4 1105(a) of title 31, the Postmaster General shall
5 submit to the Committee on Oversight and Govern-
6 ment Reform of the House of Representatives, the
7 Committee on Homeland Security and Governmental
8 Affairs of the Senate, and the Postal Regulatory
9 Commission a report that details the Postal Serv-
10 ice’s progress in implementing the innovation strat-
11 egy described under subsection (d).

12 “(2) MATTERS TO BE ADDRESSED.—The report
13 required under paragraph (1) shall address—

14 “(A) the revenue generated by each prod-
15 uct and service developed through the innova-
16 tion strategy and the costs of developing and
17 offering each such product and service for the
18 most recent fiscal year;

19 “(B) the total sales volume and revenue
20 generated by each product and service on a
21 monthly basis for the preceding year;

22 “(C) trends in the markets filled by each
23 product and service;

24 “(D) products and services identified in
25 the innovation strategy that are to be discon-

1 tinued, the date on which the discontinuance
2 will occur, and the reasons for the discontinu-
3 ance;

4 “(E) alterations in products and services
5 identified in the innovation strategy that will be
6 made to meet changing market conditions, and
7 an explanation of how these alterations will en-
8 sure the success of the products and services;
9 and

10 “(F) the performance of the innovation
11 strategy according to the metrics identified in
12 subsection (d)(2)(G).

13 “(f) COMPTROLLER GENERAL STUDY.—

14 “(1) IN GENERAL.—The Comptroller General
15 shall conduct a study on the implementation of the
16 innovation strategy described under subsection (d)
17 not later than 4 years after the date of enactment
18 of the Postal Service Reform Act of 2017.

19 “(2) CONTENTS.—The study required under
20 paragraph (1) shall assess the effectiveness of the
21 Postal Service in identifying, developing, and selling
22 innovative postal and nonpostal products and serv-
23 ices. The study shall also include—

24 “(A) an audit of the costs of developing
25 each innovative postal and nonpostal product

1 and service developed or offered by the Postal
2 Service during the period beginning on the date
3 of enactment of the Postal Service Reform Act
4 of 2017 and ending 4 years after such date;

5 “(B) the sales volume of each such product
6 and service;

7 “(C) the revenues and profits generated by
8 each such product and service; and

9 “(D) the likelihood of continued success of
10 each such product and service.

11 “(3) SUBMISSION.—The results of the study re-
12 quired under this subsection shall be submitted to
13 the Committee on Oversight and Government Re-
14 form of the House of Representatives, the Com-
15 mittee on Homeland Security and Governmental Af-
16 fairs of the Senate, and the Postal Regulatory Com-
17 mission.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 at the beginning of chapter 2 of title 39, United States
20 Code, is amended by adding at the end the following:

“209. Chief Innovation Officer.”.

21 **SEC. 302. INSPECTOR GENERAL OF THE POSTAL COMMU-**
22 **NITY.**

23 (a) PRESIDENTIALLY APPOINTED, SENATE-CON-
24 FIRMED INSPECTOR GENERAL.—The Inspector General
25 Act of 1978 (5 U.S.C. App.) is amended—

1 (1) in section 8G—

2 (A) in subsection (a)—

3 (i) in paragraph (2), by striking “the
4 United States International Trade Com-
5 mission, the Postal Regulatory Commis-
6 sion, and the United States Postal Serv-
7 ice” and inserting “and the United States
8 International Trade Commission”;

9 (ii) in paragraph (3), by striking
10 “subsection (h)(1)” and inserting “sub-
11 section (g)(1)”; and

12 (iii) in paragraph (4)—

13 (I) by striking subparagraph (B);

14 (II) by striking “subsection
15 (h)(1)” and inserting “subsection
16 (g)(1)”; and

17 (III) by redesignating subpara-
18 graphs (C), (D), (E), (F), (G), (H),
19 and (I) as (B), (C), (D), (E), (F),
20 (G), and (H), respectively;

21 (B) in subsection (c), by striking “Except
22 as provided under subsection (f) of this section,
23 the” and inserting “The”;

24 (C) by striking subsection (f); and

1 (D) by redesignating subsections (g) and
2 (h) as (f) and (g), respectively; and
3 (2) in section 12—

4 (A) in paragraph (1), by inserting “the
5 Postmaster General of the United States; the
6 Chairman of the Postal Regulatory Commis-
7 sion;” after “the President of the Export-Im-
8 port Bank;”; and

9 (B) in paragraph (2), by inserting “the
10 United States Postal Service, the Postal Regu-
11 latory Commission,” after “the Export-Import
12 Bank,”.

13 (b) INSPECTOR GENERAL OF THE POSTAL COMMU-
14 NITY.—

15 (1) ESTABLISHMENT.—The Inspector General
16 Act of 1978 (5 U.S.C. App.), as amended by sub-
17 section (a), is further amended by inserting after
18 section 8N the following new section:

19 **“SEC. 8O. SPECIAL PROVISIONS CONCERNING THE UNITED**
20 **STATES POSTAL SERVICE AND POSTAL REGU-**
21 **LATORY COMMISSION.**

22 **“(a) OFFICE OF INSPECTOR GENERAL OF THE POST-**
23 **AL COMMUNITY.—**The Inspector General for the United
24 States Postal Service and the Postal Regulatory Commis-

1 sion shall be referred to as the ‘Inspector General of the
2 Postal Community’.

3 “(b) RESPONSIBILITIES.—In carrying out the duties
4 and responsibilities specified in this Act, the Inspector
5 General of the Postal Community shall have equal respon-
6 sibility over the United States Postal Service and the Post-
7 al Regulatory Commission.

8 “(c) APPLICABLE HEAD OF THE ESTABLISHMENT.—
9 For purposes of the applicability of this Act to the Inspec-
10 tor General of the Postal Community—

11 “(1) the ‘head of the establishment’ shall mean
12 the Board of Governors of the United States for ac-
13 tivities by the Office related to the United States
14 Postal Service; and

15 “(2) the ‘head of the establishment’ shall mean
16 the Chairman of the Postal Regulatory Commission
17 for activities by the Office related to the Postal Reg-
18 ulatory Commission.

19 “(d) APPLICABILITY OF ESTABLISHMENT FOR RE-
20 PORTS.—In carrying out the duties and responsibilities
21 under section 5—

22 “(1) the term ‘establishment’ shall include as
23 separate establishments—

24 “(A) the United States Postal Service; and

1 “(B) the Postal Regulatory Commission;
2 and

3 “(2) the Inspector General of the Postal Com-
4 munity shall prepare separate semiannual reports
5 for the United States Postal Service and the Postal
6 Regulatory Commission.

7 “(e) OFFICE SPACE.—In carrying out the duties and
8 responsibilities under section 6(d), the heads of the estab-
9 lishments for the United States Postal Service and the
10 Postal Regulatory Commission shall work jointly with one
11 another and in consultation with the Inspector General of
12 the Postal Community to ensure adequate and appropriate
13 provision to the Office of the Inspector General of the
14 Postal Community under section 6(d).

15 “(f) BUDGET.—In carrying out the duties and re-
16 sponsibilities under section 6(g)—

17 “(1) the ‘head of the establishment’ shall mean
18 the Postmaster General of the United States; and

19 “(2) designation of the Postmaster General of
20 the United States as ‘head of the establishment’
21 under this subsection shall not be construed as
22 granting any authorities to the Postmaster General
23 of the United States with regard to the Postal Regu-
24 latory Commission.

1 “(g) GENERAL DUTIES AND RESPONSIBILITIES.—In
2 carrying out the duties and responsibilities specified in
3 this Act—

4 “(1) the Inspector General of the Postal Com-
5 munity shall have oversight responsibility for all ac-
6 tivities of the Postal Inspection Service, including
7 any internal investigation performed by the Postal
8 Inspection Service;

9 “(2) the Inspector General of the Postal Com-
10 munity shall give particular regard to the activities
11 of the Postal Inspection Service with a view toward
12 avoiding duplication and insuring effective coordina-
13 tion and cooperation; and

14 “(3) the Chief Postal Inspector shall promptly
15 report the significant activities being carried out by
16 the Postal Inspection Service to the Inspector Gen-
17 eral of the Postal Community.

18 “(h) EMPLOYING AUTHORITIES.—

19 “(1) IN GENERAL.—The Inspector General of
20 the Postal Community is authorized to select, ap-
21 point, and employ such officers and employees as
22 may be necessary for carrying out the functions,
23 powers, and duties of the Office of Inspector General
24 of the Postal Community and to obtain the tem-
25 porary or intermittent services of experts or consult-

1 ants or an organization thereof, subject to the appli-
2 cable laws and regulations that govern such selec-
3 tions, appointments, and employment, and the ob-
4 taining of such services, within the United States
5 Postal Service.

6 “(2) AUTHORITY NOT APPLICABLE.—Para-
7 graphs (7) and (8) of section 6(a) do not apply to
8 the Inspector General of the Postal Service Commu-
9 nity.

10 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated, out of the Postal Serv-
12 ice Fund, such sums as may be necessary for the Office
13 of the Inspector General of the Postal Community.”.

14 (2) CONFORMING AMENDMENTS.—Section 8J of
15 the Inspector General Act of 1978 is amended by
16 striking “The special provisions under section”
17 through “of this Act” and inserting “The special
18 provisions under section 8, 8A, 8B, 8C, 8D, 8E, 8F,
19 8H, 8I, 8N, or 8O of this Act”.

20 (3) APPOINTMENT.—Not later than 180 days
21 after the date of enactment of this Act, the Presi-
22 dent shall appoint, by and with the advice and con-
23 sent of the Senate, an Inspector General of the Post-
24 al Community. Any individual appointed under the
25 previous sentence shall be deemed to be appointed

1 under section 80 of the Inspector General Act of
2 1978, as added by paragraph (1).

3 (c) TRANSFER OF THE OFFICE OF THE INSPECTOR
4 GENERAL OF THE POSTAL REGULATORY COMMISSION.—

5 (1) IN GENERAL.—On the date that is the ef-
6 fective date of this section, the duties, responsibil-
7 ities, functions, personnel, assets, unexpended bal-
8 ances of appropriations, and obligations held by the
9 Inspector General of the Postal Regulatory Commis-
10 sion shall be transferred to the Office of the Inspec-
11 tor General of the Postal Community.

12 (2) EXISTING INSPECTOR GENERAL.—The In-
13 spector General of the Postal Regulatory Commis-
14 sion transferred pursuant to paragraph (1) shall
15 serve under the Inspector General of the Postal
16 Community.

17 (d) TRANSFER OF THE OFFICE OF THE INSPECTOR
18 GENERAL OF UNITED STATES POSTAL SERVICE.—

19 (1) IN GENERAL.—On the date that is the ef-
20 fective date of this section, the duties, responsibil-
21 ities, functions, personnel, assets, unexpended bal-
22 ances of appropriations, and obligations held by the
23 Inspector General of the United States Postal Serv-
24 ice shall be transferred to the Office of the Inspector
25 General of the Postal Community.

1 (2) EXISTING INSPECTOR GENERAL.—The In-
2 specter General of the United States Postal Service
3 transferred pursuant to paragraph (1) shall serve
4 under the Inspector General of the Postal Commu-
5 nity.

6 (e) DELEGATION AND ASSIGNMENT.—Except as oth-
7 erwise expressly prohibited by law or otherwise provided
8 in this Act, the Inspector General of the Postal Commu-
9 nity may delegate any of the functions transferred pursu-
10 ant to this section to such officers and employees of the
11 Office of the Inspector General of the Postal Community
12 as the Inspector General may designate, and may author-
13 ize successive redelegations of such functions as may be
14 necessary or appropriate. No delegation of functions under
15 this subsection or under any other provision of this Act
16 shall relieve the Inspector General of the Postal Commu-
17 nity of responsibility for the administration of the func-
18 tion.

19 (f) SAVINGS PROVISIONS.—

20 (1) LEGAL DOCUMENTS.—Any order, deter-
21 mination, rule, regulation, permit, grant, loan, con-
22 tract, agreement, certificate, license, or privilege that
23 has been issued, made, granted, or allowed to be-
24 come effective that is in effect on the effective date
25 of this section shall continue in effect according to

1 their terms until modified, terminated, superseded,
2 set aside, or revoked in accordance with law.

3 (2) PROCEEDINGS.—This section shall not af-
4 fect any proceeding pending on the effective date of
5 this section before an office transferred by either
6 such subsection, but such proceeding shall be contin-
7 ued. Nothing in this paragraph shall be considered
8 to prohibit the discontinuance or modification of any
9 such proceeding under the same terms and condi-
10 tions and to the same extent that such proceeding
11 could have been discontinued or modified if this sec-
12 tion had not been enacted.

13 (3) SUITS.—This section shall not affect any
14 suit commenced before the effective date of this sec-
15 tion, and in any such suit, proceeding shall be had,
16 appeals taken, and judgments rendered in the same
17 manner and with the same effect as if this section
18 had not been enacted.

19 (4) REFERENCES.—Any reference in any other
20 Federal law, Executive order, rule, regulation, or
21 delegation of authority, or any document relating to
22 the Inspector General of the Postal Regulatory Com-
23 mission, the Inspector General of the United States
24 Postal Service, or the office of either such inspector
25 general shall be deemed to refer to the Inspector

1 General of the Postal Community or the Office of
2 the Inspector General of the Postal Community, as
3 applicable.

4 (g) AVAILABILITY OF EXISTING FUNDS.—Existing
5 appropriations and funds available for the performance of
6 functions, programs, and activities transferred pursuant
7 to this section shall remain available, for the duration of
8 their period of availability, for necessary expenses in con-
9 nection with the Office of the Inspector General of the
10 Postal Community and the transfer of such functions, pro-
11 grams, and activities.

12 (h) TITLE 39 AMENDMENTS.—Title 39, United
13 States Code, is amended as follows:

14 (1) In section 102(4), by striking “the Inspec-
15 tor General appointed under section 202(e) of this
16 title” and inserting “the Inspector General of the
17 Postal Community as described in section 80 of the
18 Inspector General Act of 1978 (5 U.S.C. App.)”.

19 (2) In section 504, by striking subsection (h).

20 (3) In section 1003(b), by striking “the Office
21 of Inspector General of the United States Postal
22 Service” and inserting “the Office of Inspector Gen-
23 eral of the Postal Community”.

24 (4) In section 2003(e)(1), by striking “the Of-
25 fice of Inspector General, subject to the availability

1 of amounts appropriated under section 8G(f) of the
2 Inspector General Act of 1978.” and inserting “the
3 Office of Inspector General of the Postal Commu-
4 nity”.

5 (5) In section 2009, by striking “the Office of
6 Inspector General of the United States Postal Serv-
7 ice requests to be appropriated, out of the Postal
8 Service Fund, under section 8G(f) of the Inspector
9 General Act of 1978, and” and inserting “the Office
10 of Inspector General of the Postal Community re-
11 quests to be appropriated out of the Postal Service
12 Fund”.

13 (6) In section 2011(h)(D), by striking “the In-
14 spector General of the United States Postal Service”
15 and inserting “the Inspector General of the Postal
16 Community”.

17 (i) DELAYED EFFECTIVE DATE.—This section, and
18 the amendments made by this section, shall take effect
19 upon the date that is 30 days after the date on which
20 an individual is confirmed by the Senate as the Inspector
21 General of the Postal Community under subsection (b)(3).

22 **SEC. 303. RIGHT OF APPEAL TO MERIT SYSTEMS PROTEC-**
23 **TION BOARD.**

24 Section 1005(a)(4)(A)(ii)(I) of title 39, United States
25 Code, is amended to read as follows:

1 “(I) is an employee of the Postal Service
2 or the Office of the Inspector General of the
3 Postal Community who is not represented by a
4 bargaining representative recognized under sec-
5 tion 1203.”.

6 **TITLE IV—POSTAL**
7 **CONTRACTING REFORM**

8 **SEC. 401. CONTRACTING PROVISIONS.**

9 (a) IN GENERAL.—Part I of title 39, United States
10 Code, is amended by adding at the end the following:

11 **“CHAPTER 7—CONTRACTING PROVISIONS**

“Sec.

“701. Definitions.

“702. Delegation of contracting authority.

“703. Posting of noncompetitive purchase requests for noncompetitive contracts.

“704. Review of ethical issues.

“705. Ethical restrictions on participation in certain contracting activity.

12 **“§ 701. Definitions**

13 “In this chapter—

14 “(1) the term ‘contracting officer’ means an
15 employee of a covered postal entity who has author-
16 ity to enter into a postal contract;

17 “(2) the term ‘covered postal entity’ means—

18 “(A) the Postal Service; or

19 “(B) the Postal Regulatory Commission;

20 “(3) the term ‘head of a covered postal entity’
21 means—

1 “(A) in the case of the Postal Service, the
2 Postmaster General; or

3 “(B) in the case of the Postal Regulatory
4 Commission, the Chairman of the Postal Regu-
5 latory Commission;

6 “(4) the term ‘postal contract’ means—

7 “(A) in the case of the Postal Service, any
8 contract (including any agreement or memo-
9 randum of understanding) entered into by the
10 Postal Service for the procurement of goods or
11 services; or

12 “(B) in the case of the Postal Regulatory
13 Commission, any contract (including any agree-
14 ment or memorandum of understanding) in an
15 amount exceeding the simplified acquisition
16 threshold (as defined in section 134 of title 41)
17 entered into by the Postal Regulatory Commis-
18 sion for the procurement of goods or services;
19 and

20 “(5) the term ‘senior procurement executive’
21 means the senior procurement executive of a covered
22 postal entity.

23 **“§ 702. Delegation of contracting authority**

24 “(a) IN GENERAL.—

1 “(1) POLICY.—Not later than 60 days after the
2 date of enactment of this chapter, the head of each
3 covered postal entity shall issue a policy on con-
4 tracting officer delegations of authority for postal
5 contracts for the covered postal entity.

6 “(2) CONTENTS.—The policy issued under
7 paragraph (1) shall require that—

8 “(A) notwithstanding any delegation of au-
9 thority with respect to postal contracts, the ulti-
10 mate responsibility and accountability for the
11 award and administration of postal contracts
12 resides with the senior procurement executive;
13 and

14 “(B) a contracting officer shall maintain
15 an awareness of, and engagement in, the activi-
16 ties being performed on postal contracts of
17 which that officer has cognizance, notwith-
18 standing any delegation of authority that may
19 have been executed.

20 “(b) POSTING OF DELEGATIONS.—

21 “(1) IN GENERAL.—The head of each covered
22 postal entity shall make any delegation of authority
23 for postal contracts outside the functional con-
24 tracting unit readily available and accessible on the
25 website of the covered postal entity.

1 “(2) EFFECTIVE DATE.—This paragraph shall
2 apply to any delegation of authority made on or
3 after the date that is 30 days after the date of en-
4 actment of this chapter.

5 **“§ 703. Posting of noncompetitive purchase requests**
6 **for noncompetitive contracts**

7 “(a) POSTING REQUIRED.—

8 “(1) POSTAL REGULATORY COMMISSION.—The
9 Postal Regulatory Commission shall make the non-
10 competitive purchase request for any noncompetitive
11 award for any contract (including any agreement or
12 memorandum of understanding) entered into by the
13 Postal Regulatory Commission for the procurement
14 of goods and services in an amount of \$20,000 or
15 more, including the rationale supporting the non-
16 competitive award, publicly available on the website
17 of the Postal Regulatory Commission—

18 “(A) not later than 14 days after the date
19 of the award of the noncompetitive contract; or

20 “(B) not later than 30 days after the date
21 of the award of the noncompetitive contract, if
22 the basis for the award was a compelling busi-
23 ness interest.

24 “(2) POSTAL SERVICE.—The Postal Service
25 shall make the noncompetitive purchase request for

1 any noncompetitive award of a postal contract in an
2 amount of \$250,000 or more, including the rationale
3 supporting the noncompetitive award, publicly avail-
4 able on the website of the Postal Service—

5 “(A) not later than 14 days after the date
6 of the award; or

7 “(B) not later than 30 days after the date
8 of the award, if the basis for the award was a
9 compelling business interest.

10 “(3) ADJUSTMENTS TO THE POSTING THRESH-
11 OLD.—

12 “(A) REVIEW AND DETERMINATION.—Not
13 later than January 31 of each year, the Postal
14 Service and the Postal Regulatory Commission
15 shall—

16 “(i) review the applicable threshold es-
17 tablished under paragraph (1) or (2); and

18 “(ii) based on any change in the Con-
19 sumer Price Index for All Urban Con-
20 sumers of the Department of Labor, deter-
21 mine whether an adjustment to the thresh-
22 old shall be made.

23 “(B) AMOUNT OF ADJUSTMENTS.—An ad-
24 justment under subparagraph (A) shall be made
25 in increments of \$5,000. If the covered postal

1 entity determines that a change in the Con-
2 sumer Price Index for a year would require an
3 adjustment in an amount that is less than
4 \$5,000, the covered postal entity may not make
5 an adjustment to the threshold for the year.

6 “(4) EFFECTIVE DATE.—This subsection shall
7 apply to any noncompetitive contract awarded on or
8 after the date that is 90 days after the date of en-
9 actment of this chapter.

10 “(b) PUBLIC AVAILABILITY.—

11 “(1) IN GENERAL.—Subject to paragraph (2),
12 the information required to be made publicly avail-
13 able by a covered postal entity under subsection (a)
14 shall be readily accessible on the website of the cov-
15 ered postal entity.

16 “(2) PROTECTION OF PROPRIETARY INFORMA-
17 TION.—A covered postal entity shall—

18 “(A) carefully screen any description of the
19 rationale supporting a noncompetitive award re-
20 quired to be made publicly available under sub-
21 section (a) to determine whether the description
22 includes proprietary data (including any ref-
23 erence or citation to the proprietary data) or se-
24 curity-related information; and

1 “(B) remove any proprietary data or secu-
2 rity-related information before making publicly
3 available a description of the rationale sup-
4 porting a noncompetitive award.

5 “(c) WAIVERS.—

6 “(1) WAIVER PERMITTED.—If the Postal Serv-
7 ice determines that making a noncompetitive pur-
8 chase request for a postal contract of the Postal
9 Service under subsection (a)(2) publicly available
10 would risk placing the Postal Service at a competi-
11 tive disadvantage relative to a private sector compet-
12 itor, the senior procurement executive, in consulta-
13 tion with the advocate for competition of the Postal
14 Service, may waive the requirements under sub-
15 section (a).

16 “(2) FORM AND CONTENT OF WAIVER.—

17 “(A) FORM.—A waiver under paragraph
18 (1) shall be in the form of a written determina-
19 tion placed in the file of the contract to which
20 the noncompetitive purchase request relates.

21 “(B) CONTENT.—A waiver under para-
22 graph (1) shall include—

23 “(i) a description of the risk associ-
24 ated with making the noncompetitive pur-
25 chase request publicly available; and

1 “(ii) a statement that redaction of
2 sensitive information in the noncompetitive
3 purchase request would not be sufficient to
4 protect the Postal Service from being
5 placed at a competitive disadvantage rel-
6 ative to a private sector competitor.

7 “(3) DELEGATION OF WAIVER AUTHORITY.—
8 The Postal Service may not delegate the authority to
9 approve a waiver under paragraph (1) to any em-
10 ployee having less authority than the senior procure-
11 ment executive.

12 **“§ 704. Review of ethical issues**

13 “If a contracting officer identifies any ethical issues
14 relating to a proposed contract and submits those issues
15 and that proposed contract to the designated ethics official
16 for the covered postal entity before the awarding of that
17 contract, that ethics official shall—

18 “(1) review the proposed contract; and

19 “(2) advise the contracting officer on the appro-
20 priate resolution of ethical issues.

21 **“§ 705. Ethical restrictions on participation in certain**
22 **contracting activity**

23 “(a) DEFINITIONS.—In this section—

24 “(1) the term ‘covered employee’ means—

25 “(A) a contracting officer; or

1 “(B) any employee of a covered postal en-
2 tity whose decisionmaking affects a postal con-
3 tract as determined by regulations prescribed
4 by the head of a covered postal entity;

5 “(2) the term ‘final conviction’ means a convic-
6 tion entered by a court, regardless of whether such
7 conviction was entered on a verdict or pursuant to
8 a plea (including a plea of nolo contendere), and
9 with regard to which no further appeal may be taken
10 or is pending; and

11 “(3) the term ‘covered relationship’ means a
12 covered relationship described in section
13 2635.502(b)(1) of title 5, Code of Federal Regula-
14 tions, or any successor thereto.

15 “(b) IN GENERAL.—

16 “(1) REGULATIONS.—The head of each covered
17 postal entity shall prescribe regulations that—

18 “(A) require a covered employee to include
19 in the file of any noncompetitive purchase re-
20 quest for a noncompetitive postal contract a
21 written certification that—

22 “(i) discloses any covered relationship
23 of the covered employee; and

24 “(ii) states that the covered employee
25 will not take any action with respect to the

1 noncompetitive purchase request that af-
2 fects the financial interests of any person
3 with which the covered employee has a cov-
4 ered relationship, or otherwise gives rise to
5 an appearance of the use of public office
6 for private gain, as described in section
7 2635.702 of title 5, Code of Federal Regu-
8 lations, or any successor thereto;

9 “(B) require a contracting officer to con-
10 sult with the ethics counsel for the covered
11 postal entity regarding any disclosure made by
12 a covered employee under subparagraph (A)(i),
13 to determine whether participation by the cov-
14 ered employee in the noncompetitive purchase
15 request would give rise to a violation of part
16 2635 of title 5, Code of Federal Regulations
17 (commonly referred to as the Standards of Eth-
18 ical Conduct for Employees of the Executive
19 Branch), or any successor thereto;

20 “(C) require the ethics counsel for a cov-
21 ered postal entity to review any disclosure made
22 by a contracting officer under subparagraph
23 (A)(i) to determine whether participation by the
24 contracting officer in the noncompetitive pur-
25 chase request would give rise to a violation of

1 part 2635 of title 5, Code of Federal Regula-
2 tions (commonly referred to as the Standards of
3 Ethical Conduct for Employees of the Executive
4 Branch), or any successor thereto;

5 “(D) under subsections (d) and (e) of sec-
6 tion 2635.502 of title 5, Code of Federal Regu-
7 lations, or any successor thereto, require the
8 ethics counsel for a covered postal entity to—

9 “(i) authorize a covered employee that
10 makes a disclosure under subparagraph
11 (A)(i) to participate in the noncompetitive
12 postal contract; or

13 “(ii) disqualify a covered employee
14 that makes a disclosure under subpara-
15 graph (A)(i) from participating in the non-
16 competitive postal contract;

17 “(E) require a contractor to timely disclose
18 to the contracting officer in a bid, solicitation,
19 award, or performance of a postal contract any
20 conflict of interest with a covered employee; and

21 “(F) include authority for the head of the
22 covered postal entity to grant a waiver or other-
23 wise mitigate any organizational or personal
24 conflict of interest, if the head of the covered
25 postal entity determines that the waiver or miti-

1 gation is in the best interests of the covered
2 postal entity.

3 “(2) POSTING OF WAIVERS.—Not later than 30
4 days after the head of a covered postal entity grants
5 a waiver described in paragraph (1)(F), the head of
6 the covered postal entity shall make the waiver pub-
7 licly available on the website of the covered postal
8 entity.

9 “(c) CONTRACT VOIDANCE AND RECOVERY.—

10 “(1) UNLAWFUL CONDUCT.—In any case in
11 which there is a final conviction for a violation of
12 any provision of chapter 11 of title 18 relating to a
13 postal contract, the head of a covered postal entity
14 may—

15 “(A) void that contract; and

16 “(B) recover the amounts expended and
17 property transferred by the covered postal enti-
18 ty under that contract.

19 “(2) OBTAINING OR DISCLOSING PROCUREMENT
20 INFORMATION.—

21 “(A) IN GENERAL.—In any case in which
22 a contractor under a postal contract fails to
23 timely disclose a conflict of interest to the ap-
24 propriate contracting officer as required under
25 the regulations promulgated under subsection

1 (b)(1)(E), the head of a covered postal entity
 2 may—

3 “(i) void that contract; and

4 “(ii) recover the amounts expended
 5 and property transferred by the covered
 6 postal entity under that contract.

7 “(B) CONVICTION OR ADMINISTRATIVE DE-
 8 TERMINATION.—A case described under sub-
 9 paragraph (A) is any case in which—

10 “(i) there is a final conviction for an
 11 offense punishable under section 2105 of
 12 title 41; or

13 “(ii) the head of a covered postal enti-
 14 ty determines, based upon a preponderance
 15 of the evidence, that the contractor or
 16 someone acting for the contractor has en-
 17 gaged in conduct constituting an offense
 18 punishable under section 2105 of such
 19 title.”.

20 (b) CLERICAL AMENDMENT.—The table of chapters
 21 at the beginning of part I is amended by adding at the
 22 end the following:

“7. Contracting Provisions 701”.

23 **SEC. 402. TECHNICAL AMENDMENT TO DEFINITION.**

24 Section 7101(8) of title 41, United States Code, is
 25 amended—

1 (1) by striking “and” at the end of subpara-
2 graph (C);

3 (2) by striking the period at the end of sub-
4 paragraph (D) and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(E) the United States Postal Service and
7 the Postal Regulatory Commission.”.

